

MINUTES
LAWTON WATER AUTHORITY SPECIAL MEETING
JUNE 8, 2010 - 6:00 P.M.
WAYNE GILLEY CITY HALL COUNCIL CHAMBER

The meeting was called to order at 6:04 p.m. by Chairman, Fred L. Fitch. Notice of meeting and agenda were posted on the City Hall notice board as required by law.

ROLL CALL

PRESENT: Bill Shoemate, Michael Tennis, Janice Drewry, Jay Burk (Arrived at 6:17 p.m.), Robert Shanklin, Richard Zarle, Stanley Haywood, Doug Wells.

ABSENT: None

ALSO PRESENT: Larry Mitchell, City Manager; Frank Jensen, City Attorney; Traci Hushbeck, City Clerk.

OLD BUSINESS ITEMS:

1. Consider accepting an agreement letter for financial advisement and consulting services with the firm of Wells Nelson & Associates, LLC, and provide guidance to staff as appropriate. Exhibits: Agreement Letter with Wells Nelson & Associates, LLC.

Rick Endicott, Finance Director, stated this item is an agreement with our financial consultant, Keith McDonald. The terms and conditions are the same as what they have been in the past.

MOVED by Haywood, SECOND by Zarle, to approve an agreement letter for financial advisement and consulting services with the firm of Wells Nelson & Associates, LLC. AYE: Zarle, Haywood, Wells, Shoemate, Tennis, Drewry, Shanklin. NAY: None. MOTION CARRIED.

2. Consider accepting an engagement letter for technical accounting and consulting services with the firm of Crawford & Associates, P.C., and provide guidance to staff as appropriate. Exhibits: Engagement Letter with Crawford & Associates, P.C.

Endicott stated this is an annual agreement with our accounting consultants. They assist us with audits and serve as expert witnesses during arbitrations.

Wells questioned the cost per year.

Endicott stated they are estimating \$25,000 this year.

MOVED by Wells, SECOND by Haywood, to accept an engagement letter for technical accounting and consulting services with the firm of Crawford & Associates, P.C. AYE: Haywood, Wells, Shoemate, Tennis, Drewry, Shanklin, Zarle. NAY: None. MOTION CARRIED.

3. Consider increasing the existing Lake Waurika surcharge set forth in Sections 22-111 and 22-112, Article A-22-1, Appendix A, Schedule of Fees and Charges, Lawton City Code, 2005, from four dollars (\$4.00) to six dollars and fifty cents (\$6.50). Exhibits: None.

Jensen stated staff was directed to prepare this item at the last meeting. By an agreement between the Lawton Water Authority and the City Council, the LWA initially sets the rate and a companion item on the City Council agenda will set the rate by resolution in the appendix in the city code.

Zarle stated he is totally against adding this \$2.50 to the water bill. He feels there is a better way of paying for this, at least until we can get another CIP. He stated this caught him by surprise and this had to be in the know for months before this.

Mayor Fitch questioned if he was talking about buying the water rights.

Zarle stated yes. He knew they were going to have to do this and he is for it 100%, but if they don't know what to do about it they just throw it on the water bill. They are going to have to manage this money a little better.

Mayor Fitch stated that is the avenue they have for billing within the community. They are not increasing the utility rates for this fiscal year, this is something many people feel they must do for the betterment of this community and SW Oklahoma for years to come. If the look at putting on the 2012 CIP program that is a ways away and there are numerous counties in Texas that are wanting to acquire these rights.

Zarle stated he does want this for the future of the city of Lawton, but every time they come up with something they have to throw it on the water bill. He feels they can come up with some money out of capital outlay and some money out of hotel/motel.

Wells stated when he starting for the City of Lawton, capital outlay was paid out of general operating expenses. Several years later the City Council passed a \$2.00 capital outlay charge because we were getting behind. Now it is up to \$6.00. He does not know why they can't take \$2,50 off of that and use it for this and just have a \$3.50 capital outlay which will not increase the size of the water bill. He stated for the past six months his water bill has been higher than his electric bill. They seem to have plenty of money for new employees and surely they can pick up a little money out of there.

Mayor Fitch stated back in the 1980's and 1990's the council elected not to increase utility rates for 13-15 years and cost of repair has gone up tremendously and we have had to play a game of catch up and that is one reason we have seen the increase in utility bills as of last year. He stated not only are the property owner paying this but also those renting.

Wells stated they need to do this but they should make it revenue neutral by taking \$2.50 off of capital outlay.

Zarle stated they were not even given any other option.

Mitchell stated the council was given three options. They could put the \$2.50 on the water bill, the second option was to delay until the 2012 CIP or they could call for an election and ask the citizens to do an ad valorem. But they need to do something now. He stated in the preliminary budget they had almost \$7.5 million of capital outlay requests and they are able to fund almost half of that. He stated they have far more requests than they can fund. He stated they would have to make tough decisions on what to fund in the budget.

Wells stated he agrees they need to buy the water rights but there should be a way to do it without increases the utility bill. He stated he disagrees with the Mayor about the rate increases, it was very seldom it went more than three years without a rate increase.

Shanklin questioned how they arrived at \$2.50.

Endicott stated they needed \$1.1 million a year and they took the number of units time \$2.50 time the number of months.

Shanklin stated within the last month they put \$800,000 someplace because that was excess money. He questioned if he was wrong.

Endicott stated they have \$800,000 set aside for emergency reserve for the upcoming budget.

Shanklin questioned how they got \$800,000. He questioned if it was a surcharge.

Wells stated the Financial Advisory Committee recommended that the City have a reserve so the City Manager did budget some money into a reserve.

Endicott stated that is something they have been talking about for years. He stated they would like to have 10% of the \$80 million budget in a reserve fund to be fiscally sound.

Shanklin if we buy this water and we are not going to use it how can we deny someone down south from using it when it gets to a judge.

Dave Taylor, Manager of Waurika Lake Master Conservancy District, stated if they build the containment facility they have a defense against anyone from coming and taking it. They are good for at least another ten years after the last time we used the water. Every time we use enough water to meet the schedule of use, we are good.

Wells stated as long as we have a try period and have to pump then that locks the water in to us.

Mr. Taylor stated if someone goes to the expense of building and maintaining the facilities, someone else should not be able to come in and take it. That is a defense they can use.

Mayor Fitch stated once they turn on the pumps and activate water discharge from Waurika to Lawton, then we have started to utilize that lake water, so the ten year time frame starts over again.

Shanklin stated there is no guarantee the government won't say someone else needs it. He saw it happen in eastern Oklahoma.

Mr. Taylor stated most of that happened across state lines where people were already selling things.

Burk stated if they do this we have at least have some sort of recourse in a court of law that we could say that we have purchased the rest of the storage capacity and we have done our part.

Mayor Fitch stated we have not sold water to Texas from Waurika Lake so we have not set precedence.

Haywood stated his ward is one of the poorest wards and he does not want to do it, but it has to be done.

MOVED by Haywood, SECOND by Tennis, to approve an increase in the existing Lake Waurika surcharge set forth in Sections 22-111 and 22-112, Article A-22-1, Appendix A, Schedule of Fees and Charges, Lawton City Code, 2005, from four dollars (\$4.00) to six dollars and fifty cents (\$6.50).

SUBSTITUTE MOTION by Wells, SECOND by Zarle, to approve an increase in the existing Lake Waurika surcharge but that the \$2.50 charge come out of Capital Outlay. AYE: Tennis, Shanklin, Zarle, Wells. NAY: Shoemate, Drewry, Burk, Haywood, Mayor Fitch. MOTION FAILED.

VOTE ON THE ORIGINAL MOTION: AYE: Wells, Shoemate, Tennis, Drewry, Burk, Haywood. NAY: Shanklin, Zarle. MOTION CARRIED.

Wells stated he is glad the council thinks they have so much money that we can keep adding to the citizens bill.

There being no further business to consider, the meeting adjourned at 6:27 p.m. upon motion, second and roll call vote.

FRED L. FITCH, CHAIRMAN

ATTEST:

TRACI HUSHBECK, SECRETARY