

MINUTES
SPECIAL CALLED MEETING
LAWTON WATER AUTHORITY
SEPTEMBER 8, 1998 - 6:00 P.M.
WAYNE GILLEY CITY HALL COUNCIL CHAMBER

The Lawton Water Authority meeting was called to order at 6:00 p.m. by Chairman Cecil E. Powell. Notice of meeting and agenda were posted on the City Hall notice board as required by State law. Invocation was given by Rev. George Thomas, Free Gospel of our Lord Jesus Christ Church, followed by the Pledge of Allegiance.

ROLL CALL

PRESENT: G. Wayne Smith, Richard Williams, John Purcell, Robert Shanklin, Charles Beller, Stanley Haywood, Randy Warren.

ABSENT: Jeff Sadler.

ALSO PRESENT: Bill Baker, Acting City Manager; John Vincent, City Attorney; Brenda Smith, City Clerk

PRESENTATION OF CITIZEN OF THE MONTH AWARD TO WILLIAM FREEMAN

Donna Richey, Mayor=s Commission on the Status of Women, introduced William Freeman and his wife. She commended Mr. Freeman=s volunteer efforts in participating in Vision Quest youth organization, teaching citizenship classes at Cameron for Eagle Scout candidates, various offices held with the Kiwanis organizations and the projects undertaken through that organization for community benefit, Scout Master, little league football coach and commander of the Military Order of World Wars.

Powell presented honors from Congressman J.C. Watts, the Oklahoma House of Representatives, and the City of Lawton. Freeman thanked the commission and his friends in the audience, and said he liked to work in the community and did not do it for recognition but that it was a warm feeling to be recognized.

CONSIDER APROVAL OF MINUTES OF LAWTON WATER AUTHORITY SPECIAL MEETING OF AUGUST 25, 1998.

MOVED by Warren, SECOND by Smith, for approval of the minutes. AYE: Williams, Purcell, Shanklin, Beller, Haywood, Warren, Smith. NAY: None. MOTION CARRIED.

BUSINESS ITEM:

1. Consider increasing sewer rates to fund Phase I of the Wastewater Rehabilitation Program and take appropriate action. Exhibits: Resolution No. 98-_____.

Baker said at the September 2 meeting, the City Attorney was instructed to draft a resolution adding \$5.70 a month to the utility bill effective January 1, 1999, to fund the sewer rehab program. This item is the result of that direction.

Williams asked if the charge would cease following the seventh year of the sewer rehab program. Vincent said it would not cease in the form it is currently written; the agenda commentary discusses phase one of the sewer rehab program, but the resolution simply increases the rates by \$5.70 and it would be incumbent upon the Water Authority and Council to remove the rate at the appropriate time.

Purcell said he was not in favor of this item. He said this action would raise \$15.2 million over the next five to six years to cover the sewer project and that is not in question. Purcell said three meetings were held and CIP projects identified that require \$37.5 million, and a \$30 million water treatment plant is also needed, for a total of \$67.5 million. He said assuming the need can be reduced to \$60 million, this item will raise \$15.2 million so \$52 million would still be needed.

Purcell said if you assume this item passes, and in the not too distant future the citizens approve a one cent tax increase for five years, which would be difficult after having just raised the water bill, but if those things are both done, it will raise a combined \$52.5 million. He said one question is where will the other \$7.5 million come from, and the next question is how to fund the upcoming budget which will include the need for a cost of living increase, which was denied to all employee groups this year, as well as a 27th payday which will cost about \$1.8 million. Purcell asked that someone on the Council suggest answers to those questions.

Shanklin asked Purcell his suggestion and Purcell said the only place possible is another increase on the utility bill, which should not be done and that was why he would not support \$5.70. Shanklin asked if Baker had information regarding the projected cost of city government for the next five years. Baker said he asked staff to look at the operating budget for the last ten years to determine the growth, and extrapolate that for the next five years to determine on average what the operating budget could be should that trend continue for the next five years. Baker said it was approximately \$1.5 million per year increase average, so it would be \$7.5 million over five years that the City will have to fund by some method. Baker said there are not many choices and the obvious choice is the utility bill and that can be considered as decisions are made.

Shanklin said that was why he had been saying all along that the water bill would be \$50 for basic service or fifty cents per glass, and that is coming whether anything is done or not. He said there are 70 mills on the ad valorem which is probably the lowest in the State of Oklahoma, and it is up to the taxpayers to decide if they want a \$70 water bill or if they want to pay ad valorem tax. Shanklin said the next mill average in the State jumps to almost 100, and many cities are 115 or 130 mills, but Lawton is at 70 mills. He said he was not locked in on a utility increase right now and \$3 is for rolling stock and \$1 is for drainage, but the total cost is thought of as the water bill; Lawton's water rates are still below the median and decisions will have to be made on funding through the water bill, sales tax, ad valorem, or all three.

Warren said funding may come from all three sources in the end. He said he would not be able to support this increase because the voter needs to be given an option and that option was taken away last night. Warren said it would not have cost anything to see what the people wanted and if they did not want to put this on the sales tax, then the utility rate could have been raised, but to not have a vote and increase the rate was not correct. He said everything seemed to be going as planned but stopped and the course now is to put some on the utility bill and continue to tread water, which is not the way it should go.

Shanklin said the \$3 rolling stock charge was put on the water bill without a problem.

Williams said everyone has had time to sleep on it and that everything looked clearer in the light of day. He said the City gets only 1.92 mills of the ad valorem; the schools gets 40, the county gets 17.35, and the vo tech gets 11, so that is an option. Williams said the group was in a tremendous hurry on Wednesday to try to finalize a direction to make the November 3 election, and whether it is the \$60, \$70 or \$80 million package, the one cent would not generate enough to fund any of them, and not all of the

members were in agreement. When the voters are asked to support an ad valorem issue or a sales tax issue, everyone must be in agreement with an 8-0 vote and be in unison when asking for that support. He said the cost of City government goes up every year, to include the cost of employee wages and the products that are bought and used, and Purcell had advanced a mechanism previously of having a percentage multiplier for the utility rates to increase by that percentage annually to take care of the increases that have been absorbed in the past. Costs of government have been absorbed to the point that an investment could not be made in the infrastructure and Council must now decide on a direction.

Williams said he supported the \$5.70 increase and had received only three phone calls, two of which dealt directly with the rate increase, so it appeared the citizens knew there was a major problem on the mandated sewer repair and the increase would fund that. He said with that done, they could then identify the capital improvements for the five or seven year future and take a reasonable request to the citizens to fund it.

Smith said he received angry calls about people not being given a choice. He said each member received a draft of a tax issue he had requested the City Attorney to prepare which covered the items Shanklin mentioned about not being descriptive enough on what would be done with the money, and included the emergency clause to allow Council to prioritize in the event of an unforeseen emergency. Smith said he thought the taxpayers should be given the opportunity to vote on it.

Beller said there may be skepticism in the community that Council would raise the \$5.70, request a tax increase, and then have another utility increase. He said the trust is not there at this time and the projects should be further reviewed to see which are mandated by EPA and DEQ and it would be saleable in that format. Beller said such a list can be produced for the March election and that all the members would have to actively request support through civic clubs and throughout the community; support is needed from the Chamber of Commerce and the news media.

Mayor Powell said he had asked Baker to get with DEQ and identify mandated items prior to another workshop session.

Purcell said this results in another delay and the numbers from the Finance Director were based on a utility hike going into effect January 1, 1999. He said he would not support the utility increase and Council would not know about sales tax until March, if that is when the election is held, so another four or five months of revenue would be lost for funding projects. Purcell said it has been delayed for over a year, and he agreed a combination of the three funding sources is needed, but reminded Council that ad valorem requires a 60% vote of the people. He asked if anyone thought Council could put a utility hike in place that is effective January 1 and a month or two later ask for sales tax or ad valorem, and everyone knew that answer, and that is the bind they are in.

Williams said he was confident in the citizens and felt they realized the sewer problem took precedence over everything. He said the one cent sales tax Purcell favored last Wednesday would only take care of the sewer problems and a small amount of the projects identified, so they knew that more funding would have to be done at a future point anyway, keeping in mind that any kind of a sales tax would not take effect until January 2000. Williams said \$5.70 is a way to fund the mandated infrastructure repairs that are due now, and the sooner that is done the better, and they can then work on the remaining capital improvement needs. Williams said low income elderly and handicapped or disadvantaged people with \$16,000 and less of income will not be impacted by the \$5.70.

Smith said the next available election where the citizens could vote on this issue is December 8 and they can be given the opportunity to say yes or not and at that point in time, decide what to do with the water bill.

Warren said he did not agree the sewer was the prime consideration but agreed it was mandated and had to be done. He said the other items listed are as important as the sewer, and the City would have a real problem if those were not done by the end of this seven years.

Williams said he felt all eight members should be present to act on this item and suggested the item be addressed when Sadler returns at the next available meeting.

MOVED by Williams, SECOND by Shanklin, to table for tonight and wait until Sadler comes back so we can have his input as well. AYE: Purcell, Shanklin, Beller, Haywood, Smith, Williams. NAY: Warren. MOTION CARRIED.

There was no further business and the Water Authority adjourned at 6:30 p.m. upon motion, second and roll call vote.

CECIL E. POWELL, CHAIRMAN

ATTEST:

BRENDA SMITH, SECRETARY