Lawton City Hall
212 SW 9th Street
Lawton, Oklahoma
73501-3944

City of Lawton

City Council
MINUTES

Tuesday, April 18, 2023 **1:00 PM** **Lawton City Hall Council Chambers/Auditorium**

Mayor Booker called the meeting to order at 1:00 p.m. Notice of meeting and agenda were posted on the City Hall notice board as required by law. Invocation was given, followed by the Pledge of Allegiance.

ROLL CALL

PRESENT:
Mary Ann Hankins, Ward One
Kelly Harris, Ward Two
Linda Chapman, Ward Three
George Gill, Ward Four
Allan Hampton, Ward Five
Onreka Johnson, Ward Seven
Randy Warren, Ward Eight

ABSENT: None.

ALSO PRESENT:
Mayor Stan Booker
John Ratliff, Interim City Manager
Timothy Wilson, Acting City Attorney
Traci Hushbeck, City Clerk

BUSINESS ITEMS:

1. Consider the FY 2024 City of Lawton proposed operating and capital preliminary budgets and take appropriate action if necessary, to include making amendments to the preliminary budget to be incorporated in the final budget that council considers. **23-334**

Joe Don Dunham gave a presentation over the proposed FY 2024 budget. This report is available to view in the City Clerk’s Office.

During discussion about income from short term rentals, Ratliff stated there is approximately 1 or 2% of all short-term rentals registered with the City. We acknowledge that this is a gap in our tax collection right now. There are some particulars that the City Attorney and I have to work out, but we are going to propose a new ordinance to make sure that revenue is effectively captured in the future. This is a significant source of lost revenue, and we aim to get after it.

Mayor Booker asked if Dunham expects an increase in sales tax.

Dunham stated yes, he does. We will see a recession during the first few months, but experts expect that to level out.

Mayor Booker asked if there is a plan in place if the projections are incorrect. It is showing a 7% increase.

Dunham stated that we can either keep expenditures the way they are and take any shortfalls out of the reserve fund, or we can decrease expenditures if we see that revenues aren't coming in appropriately.

Mayor Booker stated that we have more than doubled building and safety revenue from 2019. He questioned how that was done.

Dunham stated that number will need to be corrected; it should be a reduction of $400,000.00 due to the changes of general business license requirements earlier in the year.

Mayor Booker stated the animal revenues have dropped by 90% since 2019. He asked how animal revenue was $300,000.00 in 2019 and 2020, and where did it go.

Dunham stated we started accounting for those differently. That money was diverted in the special revenues.

Mayor Booker asked if that could have been a time when we had a partnership with Fort Sill. The entire $300,000.00 isn't accounted for in the special revenue fund either.

Dunham stated he was unaware of a partnership with Fort Sill because that was before his time. He that there has been a decrease in income from animal welfare as well as the change in accounting.

Hampton stated he believes that was when Russell Anderson was still in charge of Animal Welfare; during that time, we helped with a lot of outlying towns, such as Cache.

Mayor Booker asked if we were still doing Cache.

Hampton stated no.

Mayor Booker stated he believes we are still taking in animals from other towns and would like for Ratliff to find out if we go in the hole by doing that.

Moving on to page 5, Mayor Booker stated he is a little confused by the ad valorem because that was set to be equal for thirteen years from 2017. We dropped from 5.6 million to 4.15 million from 2019 to 2024. He stated he may be confused on how ad valorem is calculated.

Dunham stated this is the money we get off of our $55 million ad valorem.

Mayor Booker stated that is right.

Dunham stated it may have been set at a specific rate, but that rate has fluctuated over the years. Last year, we received 8.3 million. We expect to have 4.1 million bond assessment next year that we can borrow that money from. That would be added to our tax rolls. The collection of that money doesn't show up as revenue because it is a debt service.

Mayor Booker stated he still doesn't understand that answer. He will try to get a lesson on ad valorem from Chris Gander.

Gill asked if we were not doing that same process in 2019 when it was high.

Dunham stated the way he understands it, it depends on that year's assessment. That is what determines what we can borrow against. It was originally set at $55.3 million over a thirteen-year period, as approved by the voters, but we did not collect money evenly across all years. Right now, it looks like we will borrow the full $55 million before the end of the thirteen years.

Harris stated that page two shows a 2.125% sales tax in the general fund.

Dunham stated that is the PROPEL sales tax. We used to recognize that money in the revenues, and then immediately expense it out to the Capital Improvement Fund as a transfer; we just cut out the middle part. We recognize the general operations part just in the general fund, and the PROPEL money is recorded in the Capital Improvement monies. It reduces our revenues and transfers out the same amount of money.

Harris asked what the 2.125% showing represents.

Dunham stated we accounted for it that way one month last year. We changed it in August instead of July.

Harris asked where that shows back up.

Dunham stated page 7.

Mayor Booker asked if that label can be changed.

Dunham said yes.

Warren stated in 2019 in Fines and Costs under the General Fund, we had $2.1 million, and we're down to $1.7 million now. He questioned the reason it has declined over time.

Dunham stated part of it is just over time; the other part of it is that some monies were being recorded as revenues for fines previously that are not truly revenues. They just go to reduce our liability.

Mayor Booker asked what do you mean reduce our liability?

Dunham stated when we are recording our revenues, we look at the entire trial balance; some of the money being recorded as a revenue would have then been recorded as an expense to reduce the liability. We are just taking that and directly reducing the liability and not doing the unnecessary accounting that goes along with doing it the other way.

Mayor Booker asked if that is the standard way of doing that.

Dunham stated yes.

Harris stated page two show the sales tax on medical marijuana, but there are no current numbers.

Dunham stated it now shows up on page 5.

Harris noted a large increase in the projection. He asked if we are expecting a large increase in the use of medical marijuana.

Dunham stated it is the same percentage increase that we see in our regular sales tax.

Harris stated that is almost 25%.

Dunham stated he will need to double check that. It's a lengthy process because of the way they are pulled in, so some of it shows in the general sales tax. There is no NCIS code that labels medical marijuana. The number showing is truly our best guess.

Mayor Booker stated he would like to give the Council a few minutes to study, but all of his questions have been answered, and he is very excited to see that all of this was done with no increase in utilities.

Harris asked if Rusty's loans show up under bond proceeds.

Dunham stated yes.

Harris asked if that is the $111 million.

Mayor Booker said no, those are new; they aren't Rusty's. He proceeded to question where Rusty's loans show up. He is specifically talking about an $8 million loan for water and an $8 million loan for sewer.

Rusty Whisenhunt, Public Utilities Director, stated he will bring a budget amendment to Council once the loans are approved.

Gill pointed to the proposed revenues for 2024 on page one; it shows $59.1 million. He questioned where this number was in relation to the meetings with department heads to go over their individual budgets.

Dunham stated we are still working on the expenditure budget. We are still refining that, but I think we are going to be in a good place. I think we will have to use a little bit of our fund balance to balance out the budget, but not so much that will be below the recommended fund balance.

Gill stated are we above, below, or right on par.

Dunham stated we will be a little below being a zero-base budget, so we'll have to use a little bit of our savings account.

Gill asked Dunham if he had any idea how much.

Ratliff stated he appreciates Councilman Gill's questioning, but he believes these questions are a little premature. There are a lot of moving pieces, and we are still trying to pull together how we are going to fund Council's directive in terms of the pay increase. There is a special meeting set aside to go over the expenditures, so he asks to be given a little more time to go over that.

Gill stated that is fine. It also helps us in knowing what we can and can't do. The budget is a pretty important part.

Dunham stated our operational expenditures will be in two weeks. I believe right now that we will have to use part of our savings to balance out the budget.

Harris stated on page one under Budgeted, it shows 104% and projected at 105%. Are we currently at those levels?

Dunham stated yes, the budget that is propose is 4% higher than the budget we had last year for taxes and 5% higher than I think we will end this year.

Warren at the top of page 6, it shows OSBI lab fees. In 2021, we had $34,450; the proposed revenues show $2,500. Are we funding those in a different way, or is the backlog at OSBI so large we just gave up?

Dunham stated that is one that I'm just using the history of what we've expended and what we may collect. This year, we haven't really collected anything, maybe $2,100.00.

Warren asked if that is something we've collected from convictions.

Dunham stated he's not quite sure what the lab fee is for. He would have to defer to Chief Smith.

Warren asked if he could get a note to explain.

Hampton stated that page 9 it shows the Water Authority and asked if that is referring to the enterprise funds.

Dunham stated yes, that's the enterprise fund. It includes four separate funds: the enterprise fund, the Lawton Water Authority, the Landfill Assurance Fund, and a Debt Service Fund.

Dunham stated if anyone has any questions later on, they can email him or Ratliff to get an answer.

No action was taken on this item.

EXECUTIVE SESSION ITEMS:

Motion by WARREN, Seconded by GILL, to enter into executive session. AYE: Hankins, Harris, Chapman, Gill, Hampton, Johnson, Warren. NAY: None. MOTION PASSED.

The Lawton City Council remained in Executive Session from 1:45PM to 3:46PM. No actions were taken in executive session and a roll call showed all members present when they returned to open session.

2. Pursuant to Sections 307B.3 and 307B.4, Title 25, Oklahoma Statutes, consider convening in executive session to discuss recent appraisals of the School House Slough area along with the pending claim of School House Slough Inc., and, if necessary, take appropriate action in open session. **23-315**

Tim Wilson read the title of the item. No action was taken.

3. Pursuant to section 307B.1, Title 25, Oklahoma Statutes, consider convening in executive session to discuss particular candidates who have submitted applications for the position of city manager, and, if necessary, take appropriate action in open session. **23-305**

Tim Wilson read the title of the item. No action was taken.

Motion by GILL, Seconded by WARREN, to adjourn the meeting of April 18, 2023. AYE: Hankins, Harris, Chapman, Gill, Hampton, Johnson, Warren. NAY: None. MOTION PASSED.

There being no further business, the meeting adjourned at 3:47pm.