

MINUTES
LAWTON CITY COUNCIL SPECIAL MEETING
MAY 25, 2010 – 5:00 P.M.
WAYNE GILLEY CITY HALL COUNCIL CHAMBER

Mayor Fred L. Fitch
Presiding

Also Present:
Larry Mitchell, City Manager
Frank V. Jensen, City Attorney
Donna Gibson, Deputy City Clerk

Mayor Fitch called the meeting to order at 5:05 p.m. Notice of meeting and agenda were posted on the City Hall notice board as required by law.

ROLL CALL

PRESENT:

Bill Shoemate, Ward One
Michael Tennis, Ward Two
Janice Drewry, Ward Three
Jay Burk, Ward Four
Robert Shanklin, Ward Five
Richard Zarle, Ward Six
Stanley Haywood, Ward Seven (Arrived @ 5:07 p.m.)
Doug Wells, Ward Eight

ABSENT:

None

BUSINESS ITEMS:

1. Receive a presentation from the Waurika Lake Master Conservancy District regarding the remaining water storage capacity at Lake Waurika and possible options for acquiring said resources from the US Army Corps of Engineers. Exhibits: None.

Dave Taylor, Manager of Waurika Lake Master Conservancy District, presented a power point presentation on water usage at Waurika Lake and the purchase of the storage of the lake. He stated the amount left to borrow is approximately \$26 million. A little less than \$25 million of that is storage itself. He stated \$1.5 million is capital that they need to replenish valves and pipes. The interest rate is 5%, the term is 25 years and the total payment is about \$1.85 million and the Lawton portion is right at 60%. The payment on that would be a little less than \$1.1 million per year.

Mr. Taylor continued with the power point presentation. (Attached) He stated they are really finishing the job they started thirty years ago. He stated they believe this is the time to finish this up.

Shanklin questioned how much the City of Lawton still owed on the original debt.

Mr. Taylor stated approximately \$15 million in principal. He stated there is a bill before congress for the water resources development act and he is asking for a one time lump sum buyout on the total amount which is left which is \$25 million and that could discount down to about \$15 million. He stated he does not know if this will work.

Wells stated the City of Lawton only owes about \$15 million. He questioned how much of that amount would be excused if this buyout went into place.

Mr. Taylor stated approximately \$5 million. Our balance would go from \$15 million down to 410 million. He stated these are rough numbers.

Haywood questioned the cities currently participating.

Mr. Taylor stated Lawton, Duncan, Waurika, Comanche, Temple and Walters.

Wells stated that 73% is still available and Lawton share of that is about 60%. He questioned who will get the rest.

Mr. Taylor stated Duncan's share will be 33%, Waurika's share will be 3.163% and the rest will go to the other cities.

Wells questioned this is the fifth meeting he has had and every city council has voted unanimously to go for this. He stated he goes to Comanche tomorrow night.

Shanklin questioned how we can keep Texas from getting this.

Mr. Taylor stated they need to execute this deal. The cost is not going to go down and if they can use "Build America Bonds", this is the best deal we will get.

Mitchell stated if the council is interested in buying the storage they have three options. One is to wait and fund it out of the 2012 CIP program, but there will not be an election until 2011 and the Build America Bonds program would not be available and we would run the risk of higher interest rates. The second would be to ask for some sort of ad valorem tax election and issue bonds to buy our share. The third option would be to add to the charge that we have on the utility bill today which is currently \$4.00. He stated they would add an assessment of approximately \$2.50 per bill.

Zarle questioned if they could take a certain portion of the hotel/motel tax which is designated for economic development and apply it towards this purchase.

Mitchell stated they generate about \$1.2 million in hotel/motel each year and we need \$17 million, that is 15 years of hotel/motel.

Zarle stated it would be a portion.

Mitchell stated it would have to be a significant portion.

Wells suggested splitting it, such as \$2.00 on water bill and \$200,000 of hotel/motel.

Mitchell stated they could do some sort of a split arrangement.

Zarle stated that is what he is talking about.

Wells stated he is against any type of rate increase, but he feels they have to ensure the water supply for the citizens of Lawton.

Mitchell stated they would be buying 100 years of water supply.

Haywood questioned how much Duncan would pay.

Mr. Taylor stated their portion would be 33.33%, so their payment would be \$650,000 per year. He stated Temple is .86%, Walters is 1.2%, Waurika is 3.163% and Comanche is 1.2%.

Haywood stated they do not have a choice and they have to look at the future.

Rick Endicott, Finance Director, stated the debt service will be \$25 million with a length of 25 years at \$1.1 million per year.

Mr. Taylor stated he would be available to speak on this subject to any group that would be interested. He introduced his board members who were in attendance.

Wells questioned how many years are remaining on the current note.

Endicott stated 19 years.

Wells stated at the end of the 19 years we could use the \$4.00 we are now collecting to pay of this loan quicker.

Mayor Fitch stated the council needs to give the City Attorney some direction concerning this matter. He stated he is hearing that everyone feels this is something that we need to do to secure water rights for future generations for this community.

Haywood stated this water is very important.

Mayor Fitch stated if someone else obtains these rights we will never get them back. He stated this is an issue they need to address and take on this obligation and secure water rights for this community for many years to come.

Wells suggested that since everyone in the city will benefit from this that it be put on a water bill at \$2.50 rather than just property owners pay by ad valorem. He questioned if they could get Fort Sill to contribute through higher rate since this will also ensure their water for the future.

Mitchell stated in about five years we will be doubling or tripling their rate.

Wells stated his recommendation would be to put \$2.50 on the water bill, that is about \$1.1 million a year.

Jensen requested a consensus so that he can prepare a resolution. He stated this would be an additional \$2.50 on the Waurika fee.

Zarle questioned what it would be if they took some money out of hotel/motel.

Wells stated they could probably get it down to \$2.00 if they added \$200,000 out of economic development.

Mayor Fitch stated he feels they need to look at the water bill because hotel/motel tax is something that will have to be on the ballot again and decided on by the voters.

Shanklin stated that everyone who is using the hotel/motel funds are using them to benefit Lawton.

Mayor Fitch clarified that the overall consensus is to direct the City Attorney to draft a resolution to add \$2.50 to the water bill and bring it back to council to discuss and approve.

Jensen stated it would be on the June 8th agenda.

2. Receive and discuss the annual fund allocations for FY 2010-2011 hotel/motel tax collections. Exhibits: Resolution 09-54.

5:32:36

There being no further business to consider, the meeting adjourned at 5:47 p.m. upon motion, second and roll call vote.

FRED L. FITCH, MAYOR

ATTEST:

DONNA GIBSON, ACTING, CITY CLERK