



City of Broken Arrow
Special Meeting Minutes
City Council Meeting

City Hall
220 S 1st Street
Broken Arrow OK
74012

Mayor Debra Wimpee
Vice Mayor Johnnie Parks
Council Member Lisa Ford
Council Member Justin Green
Council Member David Pickel

Monday, July 14, 2025

Time 5:00 p.m.

Council Chambers

**SPECIAL JOINT WORK SESSION MEETING
OF
BROKEN ARROW CITY COUNCIL
AND
BROKEN ARROW MUNICIPAL AUTHORITY**

1. Call to Order

Mayor Debra Wimpee called the meeting to order at 5:01 p.m.

2. Roll Call

Present: 5 - David Pickel, Justin Green, Lisa Ford, Johnnie Parks, Debra Wimpee

3. Pledge of Allegiance to the Flag

The Pledge was led by Councilor David Pickel.

4. Presentations

A. 25-1000 Presentation and discussion of 2026 Manual of Fees

Kenny Schwab, Assistant City Manager of Operations, opened the work session by thanking attendees and explaining that the focus would be on reviewing the City's manual of fees and utility revenue, with particular emphasis on utility revenue. Council members had previously received the packet to review in advance. The purpose of the session was to present information, answer questions, and gather guidance from the Council—no formal action or adoption was required at this meeting. Staff plans to bring the item back for official adoption in August, either at the first or second Council meeting. Charlie Bright was then introduced to begin the presentation.

Charlie Bright, Director of Engineering and Construction, presented an overview of Broken Arrow's utility rate structure and the annual process for reviewing and adjusting the manual of fees. He explained that the City partners with the consulting firm Black & Veatch, which has supported the City's rate studies since 2016. These studies help determine the actual cost of utility services and ensure rates are aligned with expenses. Although a five-year rate model was adopted around 2017, the City has operated with annual updates since 2022 due to challenges like the COVID-19 pandemic, inflation, and the integration of solid waste and recycling into the model. A new amendment will enable the City to develop a comprehensive five-year model. While utility rates are the primary focus, the manual also includes minor fee increases across other departments, such as permits, licenses, and cemeteries. The rate structure is designed to match projected expenses with revenue, prioritizing fiscal responsibility. Currently, the water portion of the utility bill accounts for the majority of revenue, although the City is working toward allocating fees more specifically to each service. A large portion of capital improvements is funded through loans, which are categorized as note proceeds. On the expenditure side, capital outlay for infrastructure projects represents the largest share, followed by personnel, debt service, and operating costs. The City also transfers out more funds from the Municipal Authority than it brings in, which includes contributions to economic development. The presentation concluded with a transition to Emily, who would detail the proposed utility rate increases and their impact on customer bills.

Emily Rowland, Environmental Division Manager, presented the details of Broken Arrow's proposed utility rate increases, breaking down the components of a typical utility bill, which includes water, sewer, stormwater, solid waste and recycling, Life Ride, and streetlight fees.

Using an average family's monthly usage, she explained that water and sewer charges include both a base (fixed) rate and a usage-based component. Under the proposed rates for fiscal year 2026, the total average monthly utility bill would increase from \$140.94 to \$155.27, representing a rise of \$14.33, or approximately 10%. She attributed this increase to rising operational costs across various categories, including tipping fees, construction materials, chemicals, labor, and electricity. The City also aims to make each utility financially self-sufficient, rather than relying on water fees to offset other deficits.

Specific cost increases highlighted include nearly doubling tipping fees and significant jumps in recycling costs, lab services, vehicle replacements, personnel compensation, and material prices such as asphalt, aggregate, and chemicals. Ms. Rowland also shared comparative rate data with similar cities in Oklahoma and local providers in the surrounding area. While Broken Arrow appears slightly higher in some categories, differences are due to infrastructure responsibilities. For example, cities like Bixby and Jenks purchase treated water and don't operate their treatment facilities, which significantly reduces their costs. Rural Water Districts are not required to provide fire flow, which further reduces their operational burdens. In contrast, Broken Arrow maintains full water and sewer treatment systems, which require mechanical plants that necessitate staffing, equipment, and ongoing maintenance. The presentation emphasized that while Broken Arrow's rates are slightly higher, they reflect the actual cost of providing comprehensive, city-owned utility services.

In response to council questions, Mr. Schwab clarified that cities purchasing water from Tulsa—such as Bixby and Jenks—do pay for that water, and those costs are included in their customer rates. For example, Tulsa charges around \$3.50 to \$4.00 per 1,000 gallons, and the purchasing cities then add their distribution costs. However, those cities are also subject to Tulsa's water restrictions. If Tulsa experiences shortages or pressure issues, it reserves the right to prioritize its residents by cutting off or rationing supplies to those outside communities first.

Council members emphasized this point to highlight the value of having Broken Arrow's treatment facilities. Kenny Schwab added that, while some of the other cities currently have lower sewer costs, it's often because their systems are smaller, newer, or more basic. Many operate lagoon systems or are in earlier stages of infrastructure development, similar to where Broken Arrow was decades ago. Broken Arrow has grown significantly and now maintains a more advanced sewer system, which incurs higher operating and capital costs, including those associated with lift stations and mechanical plants. The City's utility rates accurately reflect the actual cost of operating a modern, large-scale system that supports a population exceeding 100,000.

Ms. Rowland presented a final group of utility rate comparisons using regional cities outside Oklahoma that are similar in size to Broken Arrow. These included Allen, Frisco, and McKinney in Texas, as well as Bentonville, Arkansas. All of these cities purchase their water from regional suppliers, such as the North Texas Municipal Water District or Beaver Water District, and therefore do not bear the operational costs of managing their water treatment plants. She noted that Beaver Lake, the source of Bentonville's water, has pristine water with low organic content, making it easier and less expensive to treat. These comparisons help highlight that Broken Arrow's higher rates reflect the added cost of owning and operating a complete treatment system, unlike many of its peers.

Kenny Schwab, Assistant City Manager of Operations, emphasized that Broken Arrow differs from the comparison cities—Allen, Frisco, McKinney, and Bentonville—because those cities purchase their water from regional suppliers and do not operate their treatment plants. He noted that Broken Arrow used to do the same, relying entirely on purchased water from OOWA until April 2014. With the construction of its water treatment plant, Broken Arrow gained flexibility and a secondary water source, reducing its dependency and increasing resilience. Despite operating its plant, which carries additional costs, Broken Arrow still compares favorably in rates with these cities, some of which are larger or smaller in size.

Charlie Bright, Director of Engineering and Construction, concluded by emphasizing that Broken Arrow continually reviews its utility rates on an annual basis as part of an ongoing effort to ensure financial sustainability. The City's long-term goal is to have each utility—water, sewer, stormwater, and solid waste—operate independently without relying on water revenues to subsidize others. While Broken Arrow's sanitary sewer rates may appear high compared to those of nearby cities, those cities often mask their actual costs by subsidizing them with water charges. When compared to similar-sized cities in Texas and Arkansas that follow a more professional model, Broken Arrow's rates are actually lower. The town is steadily moving toward a more transparent and self-sustaining utility structure. Ultimately, the rates are based on projecting expenses and aligning revenue accordingly, all while maintaining the high level of service that residents expect and value.

Kenny Schwab, Assistant City Manager of Operations, concluded by highlighting a vital city policy requiring adequate cash reserves for each utility to ensure uninterrupted service in the event of a natural disaster. This reserve allows the City to act immediately without relying on

delayed FEMA reimbursements, as seen in nearby Claremore's experience with a tornado. The town is either meeting or exceeding its reserve targets. Additionally, staff shared utility rate comparison charts included in the council packet, outlining various options that were analyzed at the request of the city manager to help balance utility costs while maintaining projected revenues. They reviewed the differences between the FY25 and proposed FY26 rates, showing increases of 5% for water, 19% for sewer, and 5% for stormwater, and offered multiple scenarios to mitigate the potential impact on customers. Staff concluded by inviting further questions or discussion on the rate options or related materials.

Council Member Justin Green expressed appreciation for the staff's work and the effort to present multiple rate options, especially considering how proposed increases could impact residents differently. He emphasized the importance of reviewing alternatives to ensure both affordability and service quality. Council Member Green recalled prior discussions where it was mentioned that forgoing increases could limit the City's ability to complete specific projects.

He then shifted focus to the City's reserves, drawing a parallel to personal finances: when costs rise, families may dip into savings to cover essential expenses. Council Member Green questioned whether the City has similar flexibility, specifically, if reserves or unencumbered funds could temporarily offset costs to preserve service levels without imposing the full burden of increases on residents. He noted that this isn't often discussed publicly and wanted clarification on what options the City truly has when it comes to utilizing reserves in a more strategic or temporary capacity.

Mr. Schwab explained the financial structure behind the rate proposals by walking through a comparison between the FY 2025 and FY 2026 budgets. He noted that staff calculated projected revenue by multiplying the total number of customers in each utility category—water, sewer, solid waste, and stormwater (measured in equivalent service units or ESUs)—by the average usage amounts of 7,300 gallons for water and 4,450 gallons for sewer. In FY2025, this calculation would generate approximately \$73 million, with an average monthly bill of about \$140.

For FY 2026, using the same number of customers and usage levels, the updated rates would generate roughly \$80 million, reflecting a total increase of about \$7 million, or just under 10%. He acknowledged that while the percentage increases for individual services may vary, the total average monthly bill increase is approximately 10%.

Mr. Schwab then asked Tom Cook to address Council Member Green's question regarding the City's reserve policy—specifically, the formal guidelines for maintaining cash reserves to ensure operational stability during emergencies or disasters.

Tom Cook explained that the City of Broken Arrow's current reserve policy requires maintaining 90 days' worth of expenditures in cash on hand. This guideline is documented in the supplemental information section at the front of the City's budget book. It ensures the City has sufficient liquidity to maintain operations in the event of emergencies or disruptions.

Further discussion by city officials presented proposed utility rate adjustments for FY 2026 and outlined the rationale behind them. The proposed increase—approximately 10% overall—aims to support the City's long-term goal of making water, sewer, and stormwater utilities financially self-sustaining, without relying on water revenues to subsidize other services. Several rate options were analyzed, with varying impacts on customer bills and project funding. Lower-rate scenarios would result in a shortfall of \$335,000 to \$1 million, potentially delaying projects or deferring maintenance, which could lead to greater costs later.

Staff emphasized the importance of maintaining a 90-day reserve (currently \$20–\$22 million) to handle emergencies without relying on FEMA reimbursements. They discussed the financial strain of unforeseen events, like the 2007 ice storm, which cost over \$3 million in cleanup and was only reimbursed after a year.

Council Member Green raised concerns about affordability for residents and asked whether reserves could cover shortfalls instead of increasing rates. City Manager Michael Spurgeon explained that while reserves could temporarily fill gaps, consistent use would erode financial stability and violate long-term fiscal policies.

The conversation also touched on future infrastructure needs, particularly a costly new sewer plant that could reduce reliance on aging lift stations. Officials acknowledged that inflation, equipment needs, debt service, and population growth drive rising costs. They emphasized that the proposed increases are not profit-driven, but rather necessary to maintain the quality of service and infrastructure.

To ensure transparency, the City will issue a detailed letter with utility bills, explaining the changes, comparing them with those of peer cities, and providing the reasoning behind the

decisions. The final decision on rate adjustments is expected in August, with the letter to be issued in September.

5. Remarks and Inquiries by Governing Body Members - NONE

6. Remarks and updates by City Manager, including Recognition of Recent Accomplishments by Employees and Elected Officials

Cindy Arnold, Director of Finance, expressed appreciation for the council's time and participation. They confirmed that the new utility rates, if approved, would not take effect until October, specifically aligning with the Waterville billing cycle. This timing allows the City to finalize and communicate the changes before implementation.

7. Adjournment

The meeting was adjourned at approximately 6:04 p.m.

MOTION: A motion was made by Lisa Ford, seconded by Justin Green.

Move to Adjourn

The motion carried by the following vote:

Aye: 5 - David Pickel, Justin Green, Lisa Ford, Johnnie Parks, Debra Wimpee

Mayor

City Clerk