



City of Broken Arrow

Minutes

City Hall
220 S 1st Street
Broken Arrow OK
74012

Special Joint City Council, BAMA, BAEDA Meeting

Mayor Craig Thurmond
Vice Mayor Scott Eudey
Council Member Johnnie Parks
Council Member Debra Wimpee
Council Member Christi Gillespie

Thursday, May 9, 2019

Time 4:00 p.m.

Council Chambers

1. Call to Order the Broken Arrow City Council, the Broken Arrow Municipal Authority, and the Broken Arrow Economic Development Authority

Vice Mayor Eudey called the meeting to order at approximately 4:00 p.m.

2. Roll Call for the Broken Arrow City Council, the Broken Arrow Municipal Authority, and the Broken Arrow Economic Development Authority

City Council Roll Call:

Present: 5 - Christi Gillespie, Debra Wimpee, Johnnie Parks, Scott Eudey, Craig Thurmond (4:03 p.m.)

Broken Arrow Municipal Authority Roll Call:

Present: 5 - Christi Gillespie, Debra Wimpee, Johnnie Parks, Scott Eudey, Craig Thurmond (4:03 p.m.)

Broken Arrow Economic Development Authority Roll Call:

Present: 5 - Christi Gillespie, Debra Wimpee, Johnnie Parks, Scott Eudey, Craig Thurmond (4:03 p.m.)

3. Pledge of Allegiance to the Flag

Council Member Johnnie Parks led the Pledge of Allegiance to the Flag.

4. General Business

A. 19-566 Presentation, discussion, and possible direction regarding the revenues, expenditures and budgets of the City of Broken Arrow, Broken Arrow Municipal Authority, and the Broken Arrow Economic Development Authority, the proposed Fiscal Year 2019-2020 Budgets and Financial Plans for the General Fund, Broken Arrow Municipal Authority, Broken Arrow Economic Development Authority and other funds of the City of Broken Arrow

City Manager Spurgeon welcomed all in attendance. He outlined the order in which the Meeting would proceed. He explained the City of Broken Arrow operated on a Fiscal Year Budget Cycle from July 1 through June 30. He stated he would make a short presentation of the Budget at a Public Meeting on June 3, 2019 and the Budget could be adopted at the City Council Meeting on June 17, 2019.

He stated the Municipal Budget served the following purposes: 1) A “blueprint” for providing municipal services for the upcoming fiscal year; 2) Financial plan for the upcoming fiscal year; 3) Matched available resources with community needs; and 4) Outlined the work plan and priorities for the organization. He briefly discussed and reviewed each of his points. He noted the City had the following priorities: 1) To maintain fiscal soundness; 2) Comprehensive economic development administration; 3) Public safety and preparedness; 4) Affordable Public Utilities; 5) Ongoing investments in public infrastructure; 6) Pursuance of a high degree of civic engagement; and 7) To maintain a great quality of life in the Community. He briefly discussed and reviewed each of his points. He explained the Budget Book included the City Manager’s budget message, the proposed revenue and expenditures for each fund, pie charts of revenues and expenses, proposed department budgets, special funds which were proposed expenditures, revenues, and fund balances, street maintenance plan, proposed 2019 GO Bond sale, and a Manual of Fees. He explained key budgeting practices included estimating revenues and expenditures conservatively, ensuring all funds balanced, including built-in contingencies for the unexpected, while it focused on long-term financial sustainability. He stated the basis for Budget recommendations included: 1) Implementation of City Council’s on-going goal to provide great services to the community; 2) Addressing our increasing demands for public infrastructure and public services as a part of a growing community; and 3) Maintaining the City of Broken Arrow’s quality of place. He briefly discussed and reviewed each of his points. He noted Budget concerns began on page 2 and ended on page 4 of the Budget message. He indicated the primary challenge and

consideration was over-dependency on sales tax and lack of another sustainable revenue sources for operations. He reported the second concern was the need for sustainable revenue sources for public safety. He noted currently Public Safety Departments used 118% of all applicable sales tax; however, Broken Arrow needed another 18% of other available revenues to fund public safety. He reported the third concern was the Utility Department with implementation of a new rate model and completion of CIP (Capital Improvement Projects). He briefly discussed and reviewed each of these three concerns and possible solutions. He noted Broken Arrow was in a strong position financially currently, but needed to protect its position and to look to the future always.

He reviewed the Municipal Budget. He explained Broken Arrow was located in two counties, Tulsa County and Wagoner County, which had two different tax rates: Tulsa County 8.417% and Wagoner County 8.80%. He displayed a chart which illustrated how the county sales tax was distributed. He noted Broken Arrow received less than half of the sales tax.

He noted the FY-2020 Proposed Municipal Budget was \$307,646,172 dollars which reflected a 21% increase over FY-2019 Budget which was \$254,116,194 dollars. He explained the increase was due to the inclusion of a proposal for \$50 million dollars in Oklahoma Water Resource Board loans for utility projects and \$22 million dollars being issued for year 2 of the GO Bond package. He reviewed the breakdown of the FY-2020 Expenses: Operational at \$119,779,255 dollars, Capital Outlay at \$156,593,904 dollars, Debt Service at \$31,273,013 dollars, totaling \$307,646,172 dollars. He displayed and reviewed a chart which illustrated City of Broken Arrow Revenue Sources and City of Broken Arrow Budget Expenditures for Fiscal Year 2019-2020.

He reviewed FY-2020 General Fund was \$95,043,520 dollars and included expenditures, transfers out, and ending fund balance. He noted the FY-2019 General Fund was \$86,527,373 dollars which reflected an increase of 9.8% in operating costs, transfers out (public safety sales tax funds), and reserved fund balances. He explained the increase of 9.8% was due to a request to increase the fund balance policy. He noted there was an increase in revenues and by Ordinance 30% of the increase was required to go to the Fire Fund and 36% to the Police Fund. He reviewed FY-2020 General Fund Revenue Projections which included a slight increase projected in FY-2019 revenues, a sales tax increase projected at 2%, and other revenue increases projected at 3.73%, with all revenues combined increase projected at 2.7%. He displayed and reviewed charts which illustrated General Fund Budget Resources, General Fund Expenses by Department, and General Fund Expenses by Classification.

Council Member Debra Wimpee noted City Manager Spurgeon had indicated most cities ran a reserve fund balance of 30% of revenues while Broken Arrow was moving towards a reserve fund balance of 15%. She asked if Broken Arrow had a goal to eventually reach 30%. City Manager Spurgeon responded that would be wonderful; however, while some cities had the ability to attain a 30% balance, most which did had access to property taxes as an additional source of revenue. He explained unless Broken Arrow had a major reduction in personnel expenses, or a significant increase in tax revenue, he was unsure if Broken Arrow could ever achieve a reserve fund balance of 30%. He stated he believed that 15% was excellent for the State of Oklahoma. Cindy Arnold concurred. Discussion ensued regarding the reserve fund balance, the future of the fund balance, realistic fund balance goals, and a maximum of 20% as a reasonable goal.

City Manager Spurgeon reviewed the FY-2020 BAMA Budget of \$139,437,975 dollars. He explained it included expenditures, transfers out, ending fund balance, capital outlay, and debt service. He reviewed the FY-2019 BAMA Budget of \$112,219,135 which included an increase of 24.2% in operating costs, capital outlay (5 year CIP implementation), reserved fund balances, and debt service (Oklahoma Water Resource Board loans). He displayed and reviewed charts which illustrated BAMA Revenue Resources for 2019-2020 and BAMA Expenses by Classification. He reviewed BAMA Budget highlights which included Year 4 of the 5-Year Rate Model, \$6.63 million dollar "pay as you go" capital work, proposed OWRB Projects at \$57.1 million dollars, remaining Capital Projects, Bonds versus Rates, and the remaining \$50 million dollars in Capital Improvements. He briefly discussed the highlights.

He reviewed the Sales Tax Capital Improvement Fund (STCI). He noted 0.5% of 3.55% of City's sales tax were dedicated for the STCI, revenues were estimated at \$7,575,600 dollars, and the fund was used primarily for "pay as you go" capital expenses. He reviewed STCI (Sales Tax Capital Improvement Fund) pay as you go project highlights which included \$470,000 dollars for Police vehicles, \$250,000 dollars for three new ambulances (lease purchase payment), \$991,500 dollars for Street and Stormwater new and replacement vehicles, \$400,000 dollars for Fire Station 2 foundation repair and \$1.9 million dollars for the Annual Bass Pro debt service payment. He stated he believed the City should keep the Fund balance around \$5 million dollars in case there was an emergency situation or an unexpected

project need. He noted regarding General Obligation Bonds Projects there was \$74.1 million dollars in current 2011, 2014, and 2018 GO Bond Projects. He noted, based on keeping no change in the tax rate this year, the proposed GO Bond Sale in FY 2020 equaled \$22.5 million dollars. He reported in the BAMA CIP (pay as you go) there was \$57.1 million dollars in Oklahoma Water Resource Board (OWRB) projects underway, \$1,258,600 dollars for new utility vehicles and equipment, \$455,000 dollars for various water lines, \$547,000 dollars for three new Refuse Trucks, and \$827,500 dollars for Stormwater Vehicles and Equipment. He noted the FY-2020 Work Plan included a CM Budget message on pages 8-16, communications and transparency, economic development administration and initiatives, new street maintenance program (Vision 2020 funds), approved and proposed GOB (Go Bond Sale) projects, as well as various programs and initiatives, new and ongoing.

City Manager Spurgeon recommended an amendment to the current Emergency Reserve Fund Balance Policy for the General Fund from the current 10% to 15%. He recommended creation of Advisory/Citizens task forces for a new park in southwest Broken Arrow, for Stormwater projects throughout the City and for the small area plan for Elm Place and New Orleans. He recommended consideration of a Council subcommittee for finance and audit. He briefly discussed each recommendation and reviewed his reasons for the recommendations.

He read through his Conclusion statement: “The City Council and City Administration understand that choices made today impact future spending decisions. Our effective short and long-term financial, economic, and programmatic planning strategies will help ensure that Broken Arrow can continue to provide the level of services that residents desire, while maintaining the modest tax implications taxpayers have come to expect. I believe that the initiatives and spending priorities recommended in this budget submission reflect not only the goals of the City Council, but also the priorities of the residents and taxpayers of Broken Arrow.”

Finance Director Cindy Arnold reported there were approximately 30 funds, some of which were very small and some were for very revenue specific items. She listed the main funds which included the General Fund, the Main Operating Fund of the City, BAMA Utility Fund, Convention & Visitor Bureau Fund, Sales Capital Improvement Fund, Street Sales Tax Fund, Police Sales Tax Fund, Debt Service Fund, BAEDA Fund, 2011 Bond Fund, 2014 Bond Fund, and the 2018 Bond Fund. She reviewed the General Fund and noted the sales tax collected for the General Fund equaled \$37.8 million dollars which was 60.51% of total current revenues. She reviewed the various taxes collected, as well as other forms of revenue generation for the General Fund. She reported the total revenue of the General Fund was \$79 million dollars.

Mr. Tom Cook explained the Bass Pro Program was a dedicated revenue source which helped fund the debt service of the building. He noted Broken Arrow owned the building for which Bass Pro made a monthly rent payment. He explained the rent was based on a percentage of sales with a minimum annual rent amount of \$800,000 dollars per year. Council Member Parks asked if Bass Pro shop had ever paid more than the minimum rent. Mr. Cook responded in the negative.

Ms. Arnold reviewed the General Fund Expenses. She reported total current expenses equaled \$21,460,820 dollars, with Personnel Services of \$14,955,320 dollars, other services of \$5,131,700 dollars, and material and supplies of \$1,373,800 dollars. She noted the General Fund also transferred out funding of \$57,567,904 dollars with Police receiving \$22,940,987 dollars, Fire \$19,190,417 dollars, BAMA \$15,136,500 dollars and BAEDA \$300,000 dollars. She reported the beginning balance of the General Fund Balance was almost \$16 million dollars and the ending fund balance would be a little over \$16 million dollars, so it had incrementally increased. She stated the Total Fund Balance was \$16,014,796 dollars with an Emergency Fund Balance of \$9,131,425 dollars, Compensated Absences of \$3,000,000 and the Reserved for Capital Project was \$3,882,931 dollars. She indicated all of the General Fund Balance was committed and would take council approval to be used.

She reported BAMA Total Current Revenues were \$49,672,300 dollars which included Charges for Services, Fines and Forfeitures, Interest and Miscellaneous. She indicated other Financing Sources (totaling \$78,634,900 dollars) were the OWRB Proceeds from Prior Years (\$6,000,000 dollars), Rollovers (\$361,000 dollars), Transfers In (\$15,136,900 dollars) and Note Proceeds (\$57,136,900 dollars). Discussion ensued regarding the \$6 million dollar OWRB proceeds from prior years, the money being reimbursed funds which would become available upon reimbursement, and the \$6 million dollars most likely becoming available in September 2020. Ms. Arnold reviewed BAMA Expenses which included Personnel Services at \$18,747,500 dollars, Other Services and Charges at \$14,156,400 dollars and Materials and Supplies at \$5,319,300 dollars. She noted Total Current Expenditures were \$38,223,200 dollars. She indicated Personnel Services were only 37.7% of Revenues. She reported Capital Outlay was \$62,708,100 dollars, Debt Service \$13,180,000 dollars, Transfers Out

\$15,736,500 dollars, and Transfers and Debt Service was \$28,916,500 dollars with a Total Expenditures and Uses of \$129,847,800 dollars. She stated upon review of revenue BAMA had used \$1.5 million dollars of fund balances, but beginning fund balance as of July 1 was \$11 million dollars and ending fund balance would be \$9.5 million dollars. She noted BAMA achieved its reserve requirement. She stated the Convention and Visitor Bureau (CVB) was basically a Motel-Hotel Tax of 4%. She reported \$585,000 dollars was collected annually from a total of 14 hotels. She stated the funds were used to promote tourism. She stated the estimated ending fund balance was \$617,444 dollars.

She reported the STCI (Sales Tax Capital Improvement) Fund had total revenues of \$7.5 million dollars with expenditures of \$7.9 million dollars, debt service of \$1.9 million dollars and an ending fund balance of \$7.9 million dollars. She indicated the STCI projects included \$2.2 million dollars in rollover projects. She reviewed potential new projects (funds each department had requested for new projects) of \$5.6 million dollars for total projects of \$7.9 million dollars. She reported the Total Revenue for the Police Tax Fund was \$2.3 million dollars with a total transfer in of \$23.6 million dollars and \$22.9 million dollars from the General Fund and \$720,000 from the E-911. She stated the estimated fund balance for the Police Sales Tax was \$6.5 million dollars. She reported the Total Revenue from the Fire Sales Tax was \$2.2 million dollars, with a transfer in of \$19 million dollars and an estimated fund balance of \$495,000 dollars. She reported the Debt Service Fund revenues from property tax collection plus interest were approximately \$16 million dollars, and the ending estimated balance was approximately \$10 million dollars which was reserved to pay the GO Bond Debt.

She reviewed Broken Arrow Economic Development Authority revenues were collected from the TIF; taxes collected were \$1.2 million dollars and interest was \$18,000 dollars. She noted this fund was essentially for economic development.

She stated the 2011 Bond Fund totaled \$44 million dollars and all series had been sold. She reviewed the breakdown and noted it was hoped this fund would be completed and cleared this year. She stated the 2014 Bond Fund totaled \$67 million dollars and all series had been sold. She explained “all series had been sold” meant Broken Arrow had the money in the bank ready to be used. She reported all projects were named in the 2014 Bond Series. She stated the 2018 Bond Fund totaled \$210 million dollars; the first series was sold in December 2018 with the next sale to be in December of 2019 for approximately \$22.5 million dollars. She stated \$35 million dollars were budgeted for projects this year.

Assistant City Manager of Operations Kenny Schwab reported a few years ago the City of Broken Arrow obtained a Pavement Condition Index Report (PCI). He noted this quantified street condition: 70 and above was excellent condition, 40 and below was poor condition. He explained the Condition Index Report (CDI) report established the basis of the Street Maintenance Program. He explained this was a two part program which included preventative maintenance and restoration/rehab. He noted the preventative maintenance would be funded by street sales tax/Fund 43, while restoration/rehab would be funded through General Obligation Bonds.

Director of Streets and Stormwater Rocky Henkel stated Fund 43 was a Special Revenue Fund created for the purpose of improving, constructing and maintaining City streets, sidewalks and related stormwater improvements, including the acquisition and replacement of machinery, equipment and materials, as well as the installation of traffic control devices and signalization. He explained the funding for this came from a 0.25% tax that was effective January 1, 2017. He reviewed and listed the Street Signal Projects. He explained PCI and how this assessed the condition of the streets. He noted Broken Arrow streets averaged a score of 70 which was considered good to very good. He explained the lower the PCI score the more expensive it would be to fix the streets; therefore, preventative maintenance now would save money over time. City Manager Spurgeon reported prior to the City approving the 0.25% tax for street repair, the City of Broken Arrow spent approximately \$750,000 dollars to \$1 million dollars annually from Sales Tax Capital Improvements (STCI) for road improvements with rebuild projects being funded through Bonds. He noted Broken Arrow was only in the second year of having funds available for more proactive repairs, approximately triple the amount available than in previous years. He noted approximately \$6 million dollars would be spent this year on street rehabilitation. Vice Mayor Eudey asked how often a CDI (Condition Index Report) rating needed to be performed and would the cost be covered with the newly available funds. Mr. Henkel responded in the affirmative; there was money within this budget to hire the CDI (Condition Index Report) Company to evaluate Broken Arrow streets.

Mr. Henkel listed and reviewed the Concrete Panel Repair Projects. He displayed a chart which identified each street which would be completed, the ward each street was in and the neighborhood’s average PCI ranking to include: Southpark Estates (PCI 62), Pembroke Park (PCI 66), Mitford Bridge (PCI 71), 6100 Center (PCI 50), Carriage Crossing (PCI 67), Turtle Creek (PCI 66), Oak Creek South (PCI 59), Deerfield at Forest Ridge (PCI 66), Cedar

Springs Estates (PCI 61), Indian Springs Park 2nd Edition (PCI 67), Windsor Estates (PCI 60), Valley Ridge Rosser (PCI 71), and East Reno Street (new construction). City Manager Spurgeon asked what concrete panel repair projects consisted of. Mr. Henkel responded concrete panel repair was removal and replacement of poor condition concrete street panels which were cracked, damaged or disintegrated. Vice Mayor Eudey asked about East Reno Street. Mr. Henkel explained East Reno Street was an old road which had been removed and would now be reconstructed. Mr. Schwab explained Carriage Crossing (and other areas) had a very high CDI (Condition Index Report) at 67; however, it was just beginning to deteriorate and if fixed now at a low repair cost, high repair costs later would be avoided. He noted this was an excellent example of preventative maintenance.

Mr. Henkel listed and reviewed the Asphalt Resurfacing Projects which included Covington Estates (PCI 61), West Park Edition (PCI 30) which fell under the reconstruction category in certain places, North Pecan Place (PCI 31), Southern Trails (PCI 59), Windsor Estates (PCI 58), Barry Dayton-Medallion (PCI 37), Charleston (PCI 61), Chimney Ridge (PCI 37), Country Club Estates (PCI 56), Leland Acres (PCI 54), Willow Springs (PCI 37), Willow Springs 5th Subdivision (PCI 59). He reviewed some miscellaneous items such as street markings, annual street maintenance, annual sidewalk maintenance and High Density Mineral Bond (HA5) preventative maintenance. He explained HA5 rejuvenated the oil in asphalt and extended the life cycle of an asphalt road by approximately seven to twelve years and would be applied to roads which had been resurfaced over the last three to five years.

He reported the Restorative Maintenance Work projects utilizing 2018 GO Bond funds including Elmwood Estates (PCI 54), Melinda Park (PCI 54), Southbrooke Estates (PCI 63), Meadow Heights and Elmwood Place (PCI 59). He noted street projects were spread throughout the entire City. Council Member Parks stated he worried about fixing the streets in poorest condition last, as residents complained about roadwork being done in neighborhoods which had less need. He commended the Street and Stormwater Department for the roadwork which was being completed. He noted roadwork was much more involved now than in previous years and required removal of poor sections of roadway, not just addition of new asphalt or concrete, or filling of pot holes. Mr. Henkel concurred. He explained curb and gutter repair would be included with the planned repairs, as well as sidewalk replacement in some locations. He noted the road repair projects would include contract labor, as well as in-house labor.

Mr. Schwab stated the Street Sales Tax generated approximately \$3.6 to \$3.7 million dollars per year. He explained the Street Sales Tax fund had been allowed to build up a balance which enabled the expenditure of \$5.4 million dollars on street projects. City Manager Spurgeon explained no cities in Oklahoma spent \$6 million dollars in revenue for street maintenance. He stated Broken Arrow would try to spend approximately \$3 million dollars of revenue, and then issue another \$2.5 million dollars, bring the total annually spent to between \$5 million dollars and \$6 million dollars spent in addition to the road widening. He noted these repair and maintenance projects were completely separate from the Bond Package road widening projects.

Vice Mayor Eudey asked about the “to be determined” project in the 2011 GO Bond. Ms. Arnold responded this project money was as yet uncommitted and could go to a project which was not well enough funded. Council Member Parks asked if the funds were required to be spent on a specific type of project. Mr. Cook responded in the affirmative; the funds were required to be spent within the strictures of the original project proposition. He stated he could inform City Council of each specified amount and each specified type of project. Vice Mayor Eudey stated it would be helpful to know this information as it would allow possible dovetailing of projects. Council Member Parks concurred.

Mr. Schwab reported Section 7, attachment B of the Budget was the 2018 GO Bond program, which was the second issuance and involved Proposition 1 Transportation and Street Widening. He indicated the total for Proposition 1 was just over \$12 million dollars. He noted the \$2.3 million dollars for street repair was a match for the previously noted projects. He listed and reviewed the Proposition 1 projects and discussed how the funding would be used, such as for design and engineering, construction, etc. He explained historically Broken Arrow would widen a two lane road to three lanes, and a three lane road to five lanes. He noted a Level of Service Survey of the roads and intersections in Broken Arrow was conducted in 2012 and was updated in 2015, which was used along with traffic counts, turning movements and through movements to determine if a road should go from two lanes to five lanes rather than to three lanes. He explained the Level of Service Survey graded areas as A, B, C, D, and F, and he explained how the Survey was used to determine which streets and intersections needed attention.

He noted the City received positive feedback from Indian Nations Council of Government (INCOG) which had an STP program of \$3 million dollars annually. He noted Broken Arrow was granted \$3 million dollars and would most likely ask for another \$3 million dollars during the next cycle for 9th Street. He reported ODOT expected City Staff to be in contact

regarding the eight year plan for overall improvement. He stated the voters approved \$6 million dollars to widen Elm from Kenosha to the Broken Arrow Expressway. Vice Mayor Eudey asked if a middle turn lane would be included. Mr. Schwab responded in affirmative; the City now had \$9.3 million (thanks to the STP program) for this section. City Manager Spurgeon explained this section of road, although measuring less than a mile, was concrete which was why it was expensive to widen. Mr. Schwab concurred. He explained ODOT raised the bridge over the expressway and used concrete which required Broken Arrow to use concrete in the same location and widening concrete was extremely expensive due to certain sections requiring complete replacement. He noted if the project came in under budget the leftover funds would remain for spending in Proposition 1. He noted Proposition 1 included sidewalk improvements which would be completed at approximately \$250,000 dollars annually, up to \$2.5 million dollars, in an attempt to achieve connectivity and walkability by constructing new sidewalks, and not necessarily used for sidewalk repair and replacement. He explained the road widening projects included sidewalk construction funds; none of the \$2.5 million dollars for sidewalk improvements would be used to build sidewalks for road widening projects.

Director of Engineering and Construction Alex Mills reported the \$250,000 dollars approved last year would be used to install sidewalks on both sides of the road the entire length of New Orleans. He noted this would tie into the Elm and New Orleans revitalization. City Manager Spurgeon stated this was an excellent project which would prevent children from walking in the street along this road. Discussion ensued regarding sidewalk projects, connectivity, which projects would be completed first, children walking in the streets, the bike trail, areas in need of sidewalks, integrating the new trail with sidewalks, sidewalks near the STEM Academy, coordinating with the County, problems with Albany, and the Albany intersection "Band-Aid" fix.

City Manager Spurgeon noted Lynn Lane would be completed late summer, 209th would be connected later this year, Washington was in progress, and in four to five months Florence would begin, followed by New Orleans, then Olive, County Line Road, and Albany. He noted the City was still searching for additional grants. He stated there were many projects queued to begin in the next few years on top of the projects Mr. Schwab had mentioned. Discussion ensued regarding other projects and intersections. Vice Mayor Eudey stated the current condition of 209th was extremely poor, possibly dangerously so; however, it was due to be widened in several years. He asked how the City would consider such streets. Mr. Schwab stated he and Mr. Henkel could possibly complete minor patching or restoration to enable such roads to last another three to four years. He stated the 2014 GO Bonds were funded at 100%, but Staff had identified the top projects to be completed with priority and these projects were about to begin. He stated he believed with the STP and with the bids received the projects were covered, but the priority projects needed to be completed prior to the other projects to ensure complete funding. Vice Mayor Eudey stated he agreed with the set priorities, he just hoped in the meantime minor maintenance could be performed to ensure safe drivability throughout the City.

Mayor Thurmond noted all projects were named in the 2014 GO Bond. He indicated the City Manager at the time had felt this was a bad idea as the City could run out of money for the projects, which was exactly what happened. He stated he hoped the City would not make this mistake again. He stated with Federal Grants he felt the City was close to having the remainder of the 2014 GO Bond projects funded.

Mr. Schwab noted Proposition 2 was Public Safety and included Fire Station No. 7. He noted the design would be finished towards the end of the year, and construction would begin for \$4.5 million dollars. He stated Proposition 2 Projects included Acquisition and Equipping Fire Trucks for \$1 million dollars. Fire Chief Jeremy Moore noted \$1 million dollars would fund two fire trucks. City Manager Spurgeon noted Fire Station No. 3 was one month away from bidding and would begin construction after Labor Day and would take ten months to construct. He stated he believed Fire Station No. 7 would go out to bid the first quarter of 2020. Mr. Schwab noted the final project in Public Safety was the expansion renovation for the Police Department Jail at \$260,000, bringing Proposition 2 to \$5.76 million dollars.

Mr. Schwab noted Proposition 3 was Quality of Life and included numerous parks. He noted the land swap for the park in the southwest section of Broken Arrow was now completed. Broken Arrow owned the land and the road which would turn into Service Park. He noted the conceptual layout was completed and City Staff was ready to begin some of the infrastructure extending into the park. He noted Proposition 3 totaled \$2.8 million dollars.

Mr. Schwab stated Proposition 4 was Public Facilities and was the second portion of the money for the software upgrade at \$1.4 million dollars. The first portion of the money, at \$1.6 million dollars, came from the first 2018 GO Bond sale. He stated the 911 Emergency Fund provided \$1.5 million dollars bringing the total to \$4.5 million dollars for software implementation. Director of Information Technologies Stephen Steward reported the ERP process consisted of three separate ERPs, one for Financial, Human Resources, and Utility

Billing which was yet to be released, one for Public Safety which had been released and demonstrations were being conducted, and one for Community Development (building permits, code enforcement, planning, zoning, etc.) which had been released. He explained all the software the City used was being replaced.

City Manager Spurgeon asked why the software needed to be changed. Chief Berryhill indicated Broken Arrow's current software was extremely out dated and unable to handle the tasks needed to function efficiently. He noted the new software would allow integration of systems, mapping, and many other necessary tasks which were simply too difficult or impossible with the old software. Mr. Schwab noted he was just reminded there was another \$1 million dollars being given for this new software, bringing the total to \$5.5 million dollars for software implementation. City Manager Spurgeon stated he believed this new software was an extremely important investment which would promote safety within the Fire and Police operations, as well as ease functionality and promote efficiency in the day-to-day operations of the City. Council Member Gillespie asked moving forward what the update costs for this new software would be. Mr. Steward responded the vendor for the financial ERP (Enterprise Resource Planning) had an "Evergreen" policy which ensured the City was up to date and upgraded consistently. He noted there was a yearly maintenance cost. Council Member Gillespie asked if the City had servers which would support the new software. Mr. Steward responded in the affirmative.

Mr. Schwab noted Proposition 5 was the Stormwater projects which were all named. He stated projects included Stoneridge Towne Center and Indian Springs totaling \$420,000 dollars. He noted the Public firmly supported the Stormwater projects. He stated there was no sale of Bonds being made for Proposition 6 included in this budget. He explained Proposition 6 was money available to conduct work on private property for public benefit as long as there was an easement available.

City Manager Spurgeon noted once the City Council approved the Budget the projects which are included would be publicized in a financial newsletter. He stated he felt this was a big year at \$22 million dollars; next year's sale of GO bonds would be approximately \$12 million dollars. Mr. Cook indicated next year's sale would be approximately \$17 million dollars, followed by \$12 million dollars the year after that, followed by a jump to \$32 million dollars. Mr. Spurgeon noted it was important for Broken Arrow to be vigilant for the next two years; the tax rate would remain the same, but the City needed to be frugal in preparation of the large spending year. He recommended possibly taking a year off of roadwork projects to work on other projects. Mr. Schwab noted City Manager Spurgeon required Staff to plan out the 10 year program in its entirety. He explained the plan was tentative until projects were approved by City Council as he understood priorities changed. City Manager Spurgeon stated he would forward the tentative ten year plan to the City Council.

Vice Mayor Eudey asked if this year's Budget anticipated the possibility of a decision incorporating the implementation of a Recycling program. Assistant City Manager of Administration Russell Gale explained per conversations with GBB (Gershman, Brickner & Bratton), assuming City Council or BAMA voted to move forward with a Recycling Program, there would be approximately one year of preparation time required for planning. He noted new sanitation trucks were included in the BAMA budget; however, the majority of financing for the Recycling Program would be included in the 2021 Budget. City Manager Spurgeon indicated decision making regarding the Recycling Program would be made in early fall followed by the planning. Director of General Services Lee Zirk indicated there were operational funds this year budgeted for working with, designing and planning whatever was decided to be put into place, such as route balancing and program design moving forward.

Finance Director Cindy Arnold reviewed the Manual of Fees. She explained there were not many changes to this year's Manual. She noted the Manual of Fees did not go into effect until October 1, 2019. She noted a Walk-Through Inspection fee was added to Building Inspections, and on page 5, page 6 and page 7 the inspection fees went up \$1 dollar from \$82 dollars to \$83 dollars. City Manager Spurgeon noted all fees the City charged were listed in the Manual of Fees. Ms. Arnold noted many changes were made last year and this year most changes were made for consistency purposes, but a few were made due to new necessity, such as the solar panel installation fee. She stated on page 10 the water tap fees were raised per last year's discussion. She indicated it was determined in last year's discussion the City was significantly undercharging for cemetery fees per the CPI (Consumer Price Index); therefore, many changes were made to the cemetery fees. She explained the rise in fees ranged between \$2 dollars and \$12 dollars, nothing excessive. Director of General Services Lee Zirk noted the CPI (Consumer Price Index) was an index in the sector of cemetery and operation which compared nationwide cemetery operations and rates.

Ms. Arnold noted on page 12, page 13 and page 14 license and registration fees reflected a few changes. She noted page 16 reflected a large amount of changes in the water rates. Council Member Wimpee asked if the City was able to charge dispensary fees. Mr. Cook

responded in the negative. Discussion ensued regarding dispensary fees. Ms. Arnold noted a study had been completed indicating Broken Arrow water rates needed to be increased, and this year the water rates were increasing the same amount as last year at 5.5%; this was the fourth year of increase in the five-year increase plan.

Mr. Kenny Schwab stated regarding water rates for the parks, cemeteries and golf courses, Battle Creek Golf Course asked if there was a way to make the rate increase effective March 1, 2020, rather than October 1, 2019. He stated he felt it was a fair request and the rate change could be foot noted. Mr. Cook noted this was not a water rate change request, but a course fee rate change for which Battle Creek asked for a delay in implementation. He noted; however, the same principle applied, if City Council was receptive then the implementation for the increase in golf course fees would be made at a later date, rather than October 1, 2019. Council Member Wimpee asked if sales tax was being collected by the golf course on beverages and food sold at the golf course. Mr. Cook responded in the affirmative. Discussion ensued regarding sales tax collection by Battle Creek Golf Course and the method said golf course employed in collecting sales tax.

Ms. Cindy Arnold noted stormwater rates went up 9% and sanitation sewer rates went up 7%. She noted page 20 reflected the rise in golf course fees which were requested to be postponed until March 1, 2020.

City Manager Spurgeon stated last year there was a question raised regarding Fire Truck and EMS service runs outside City Limits. He noted City Council made it clear if Fire or EMS was called outside City Limits, Fire and EMS needed to charge for services rendered. He noted he had received complaints regarding these charges; residents felt the charges were excessive.

Fire Chief Jeremy Moore noted a Fire Subscription program for those outside the City Limits, but within the Broken Arrow fence line, would come before City Council as General Counsel Business in the near future. He explained currently individuals outside City Limits were being charged \$700 dollars per hour per truck with a one hour minimum for fire protection services no matter the size of service. He noted if an individual's mailbox caught on fire and a fire truck came out and threw five gallons of water on it, the homeowner would be charged \$700 dollars. He noted he wrote out a new fee program which included such things as \$300 dollars per hour for grass fires, false call program charges, etc, for residents outside City Limits not enrolled in the Fire Subscription program. He noted the Fire Subscription Program would cost \$90 dollars per year and would eliminate out of pocket fees for emergency response services. He noted Life Ride cost \$90 dollars per year. He stated if residents outside the City Limits, but within the fence line, participated in both subscription programs the cost would be \$150 dollars per year as opposed to \$180 dollars per year. He explained this was very reasonable and less than neighboring cities charged for similar programs. He noted if the participants in the Life Ride program outside City Limits enrolled in the Fire Subscription program as well, it would raise approximately \$70,000 dollars annually. Council Member Wimpee asked if homeowners outside City Limits were aware of the programs. Fire Chief Moore indicated it was difficult to communicate this information; however, he planned to send a direct mailer to every household outside City Limits. Discussion ensued regarding residents outside City Limits, the difficulties with communication, billing and collecting being two different entities, difficulty in collection of fees, invoicing home owners insurance, and Life Ride members.

City Manager Spurgeon stated this concluded the budget presentation.

Mayor Thurmond thanked the Directors and Staff for the work done on the Budget.

Council Member Parks, in reference to BAEDA (Broken Arrow Economic Development Authority), asked how STCI (Sales Tax Capital Improvement) economic development funds would be used. City Manager Spurgeon explained these funds would be used for infrastructure purposes to better enable new business growth. He explained the various ways and methods available for infrastructure and economic growth. He noted no STCI (Sales Tax Capital Improvement) economic development funds could be spent without express permission from the City Council.

Council Member Parks commended City Manager Spurgeon and Staff.

City Manager Spurgeon thanked Cindy Arnold and Tom Cook. He thanked Kenny Schwab and Russell Gale. He thanked the Department Directors. He thanked City Council.

5. Remarks and Inquiries by Governing Body Members

There were no Remarks and Inquiries by Governing Body Members.

6. Remarks and Updates by City Manager

There were no Remarks and Updates by City Manager.

7. Adjournment of the Broken Arrow Economic Development Authority

The meeting adjourned at approximately 7:51 p.m.

MOTION: A motion was made by Debra Wimpee, seconded by Johnnie Parks.

Move to adjourn

The motion carried by the following vote:

Aye: 5 - Christi Gillespie, Debra Wimpee, Johnnie Parks, Scott Eudey, Craig Thurmond

8. Adjournment of the Broken Arrow Municipal Authority

The meeting adjourned at approximately 7:51 p.m.

MOTION: A motion was made by Johnnie Parks, seconded by Scott Eudey.

Move to adjourn

The motion carried by the following vote:

Aye: 5 - Christi Gillespie, Debra Wimpee, Johnnie Parks, Scott Eudey, Craig Thurmond

9. Adjournment of the Broken Arrow City Council

The meeting adjourned at approximately 7:51 p.m.

MOTION: A motion was made by Debra Wimpee, seconded by Johnnie Parks.

Move to adjourn

The motion carried by the following vote:

Aye: 5 - Christi Gillespie, Debra Wimpee, Johnnie Parks, Scott Eudey, Craig Thurmond

Attest:

Mayor/Chairman

City Clerk/Secretary