



Minutes

**SPECIAL JOINT MEETING OF
The Broken Arrow City Council and
The Broken Arrow Municipal Authority and
The Broken Arrow Economic Development Authority**

*Mayor/Chairman Craig Thurmond
Vice Mayor/Vice Chair Scott Eudey
Council Member/Trustee Mike Lester
Council Member/Trustee Johnnie Parks
Council Member/Trustee Debra Wimpee*

Monday, May 22, 2017

**Public Safety Complex
1101 North 6th Street
Broken Arrow, OK**

1. Call to Order City Council

Mayor Craig Thurmond called the City Council meeting to order at approximately 5:30 p.m.

2. Call to Order Broken Arrow Municipal Authority

Chairman Craig Thurmond called the Broken Arrow Municipal Authority meeting to order at approximately 5:30 p.m.

3. Call to Order Broken Arrow Economic Development Authority

Chairman Craig Thurmond called the Broken Arrow Economic Development Authority meeting to order at approximately 5:30 p.m.

4. Pledge of Allegiance to the Flag

Mayor Craig Thurmond led the Pledge of Allegiance to the Flag.

5. Roll Call City Council

Present: 5 - Debra Wimpee, Johnnie Parks, Mike Lester, Scott Eudey, Craig Thurmond

6. Roll Call Broken Arrow Municipal Authority

Present: 5 - Debra Wimpee, Johnnie Parks, Mike Lester, Scott Eudey, Craig Thurmond

7. Roll Call Broken Arrow Economic Development Authority

Present: 5 - Debra Wimpee, Johnnie Parks, Mike Lester, Scott Eudey, Craig Thurmond

8. General Business

A. 17-2233

Consideration, discussion, and possible approval to reschedule the June 19, 2017 Broken Arrow City Council, Broken Arrow Municipal Authority, and Broken Arrow Economic Development Authority

Michael Spurgeon stated Item A was a request to reschedule the meeting as a majority of council members had conflicts the week of the 19th. He said he spoke with the Finance Director and the City Attorney and it was possible to schedule the meeting anytime from the 12th to the 15th. Mr. Spurgeon asked for council members' availability and stated the meeting would be kept as light and as focused as possible. Mayor Thurmond suggested the 15th. The council members agreed.

MOTION: A motion was made by Vice Mayor Scott Eudey, seconded by Mike Lester.
Move to reschedule the June 19, 2017 Broken Arrow City Council Meeting to June 15, 2017.

The motion carried by the following vote:
Aye: 5 - Debra Wimpee, Johnnie Parks, Mike Lester, Scott Eudey, Craig Thurmond

MOTION: A motion was made by Mike Lester, seconded by Johnnie Parks.
Move to reschedule the June 19, 2017 Broken Arrow Municipal Authority Meeting to June 15, 2017.

The motion carried by the following vote:
Aye: 5 - Debra Wimpee, Johnnie Parks, Mike Lester, Scott Eudey, Craig Thurmond

MOTION: A motion was made by Johnnie Parks, seconded by Debra Wimpee.
Move to reschedule the June 19, 2017 Broken Arrow Economic Development Authority Meeting to June 15, 2017.

The motion carried by the following vote:
Aye: 5 - Debra Wimpee, Johnnie Parks, Mike Lester, Scott Eudey, Craig Thurmond

Presentation, discussion, and possible direction regarding the revenues, expenditures and budgets of the City of Broken Arrow, Broken Arrow Municipal Authority, and Broken Arrow Economic Development Authority, the proposed Fiscal Year 2017-18 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, and also capital projects, operational projects and General Obligation bonds and projects.

Mr. Michael Spurgeon thanked the administration for attending the meeting, and also Jennifer, Holly and Lori for ensuring the Council Members had a nice meal that evening. He stated this was a great opportunity to review the proposed budget in a less formal setting in anticipation of next month's public hearing and ultimately the adoption of the budget. He stated the Council Members would review a PowerPoint presentation which focused on the FY-2018 spending plan, and a condensed version of the PowerPoint which focused on the actions associated with the budget, and details on what the spending plan included would be provided at the public hearing. He remarked in anticipation that June 15, 2017 would be the budget adoption, any questions that the Council had about the budget would be answered via notes to the Council or by way of email to the Council. The public hearing was scheduled for Monday, June 5, 2017.

Mr. Spurgeon stated there were five sections of the Budget Presentation, and there were two working documents: first, the actual Budget Book itself, and, second the budget message. He stated his presentation coincided with everything in those two documents. He explained he would go through the presentation as quickly and as thoroughly as the Council Members would like. He said the respective departments were in attendance, along with members of the leadership team from the City Manager's Office to help with questions. He reported that Mr. Gale, Mr. Schwab, Mr. Caldwell and possibly other staff members would answer questions, and there were several other people who would be speaking at the meeting. Mr. Schwab would present the BAMA Proposed Work Plan, and then Mr. Schwab and Steve Arant would talk about the proposed road improvement program. He stated the committee would go through the Budget Overview for the General Fund and BAMA, discuss the outline of the fiscal year work plans, discuss other budget and policy considerations, review the proposed utility rate increase based on the 5-year rate model the Council approved last fall, and then review a quick point or two about future considerations.

Mr. Spurgeon reviewed the FY-2018 Budget Funds. He stated there were 27 different funds including the General Fund, three Enterprise Funds, four Capital Improvement Funds, the Debt Service Fund, two Internal Services Funds and 16 Special Revenue Funds. He said last year Broken Arrow had 28 Funds, but Finance eliminated one which was no longer needed. He wanted the Council to understand the magnitude of accounting that was necessary to manage all of this.

He stated the total FY-2018 Proposed Budget of \$248,413,381 was structurally sound and continued the commitment to maintain the high quality public and utility services the Broken Arrow community had come to expect. He stated this was for all funds and mentioned Broken Arrow's budget was near a quarter of a billion dollars. He remarked upon review of the operational expenses, capital improvement, and various funds, it was a very large budget when viewed as a whole.

Mr. Spurgeon stated the proposed citywide expenditures for FY-2018 were 31.46% higher than the FY-2017 budget. He reviewed the reasons for the increase. The first reason was operating expenses which consisted of \$7,528,878 or 7.47%, an increase which included operations and personnel. He said there was also a large increase in the Capital Improvement Program due to anticipation of the sale of \$18,435,000 in General Obligation Bonds in the fall of 2017, which was the second to the last issuance of the voter approved 2014 bonds. He said in BAMA budgeting, \$30,103,000 was budgeted for Utility projects that would be financed through loans from the Oklahoma Water Resources Board. He mentioned that later Kenny Schwab, Assistant City Manager of Operations, would talk about the projects to be completed as part of the work plan. Another reason for the increase was budgeted expenditure for carrying over projects (through budget amendment) to be completed from FY-2017, which totaled approximately \$1.6 million. He said these were projects that were started but not yet completed, or projects which did not get started during the year for a number of different reasons, but were carried over to begin in FY-2018.

Mr. Spurgeon broke down the FY-2018 expenses. He started with Operations Cost, \$108,298,702, which was an increase of \$7,528,878 or 7.47%. He stated operations included anything from personnel cost, to putting gas in vehicles, buying new tires, buying paper, paying for electricity, paying for natural gas, etc. He said next was Capital Outlay, proposed at \$113,985,579, an increase of \$50,862,979 or 80.58%. He said when \$30 million was added for loan funds for projects, and then more than \$18 million for general obligation bonds, \$50 million was reached quickly. Lastly, he mentioned the increase of Debt Service to \$26,129,100, an increase of \$1,050,200 or 4.19%. Mr. Spurgeon then asked Mr. Tom Caldwell to discuss the increase of Debt Service.

Mr. Caldwell stated the increase from Debt Service was primarily from the loans just issued this year and as Broken Arrow went forward with other amortization schedules. He said many

Broken Arrow loans had no principal payments for the first year or two, and then the principal payment on the loans began. He said the Bass Pro loan would be paid off in November of 2025. He stated it was financed with sales tax from Bass Pro sales plus the minimal rent which was \$20,000 annually, and Broken Arrow had a surplus of rental income and sales tax income versus the Debt Service.

Mr. Spurgeon stated that was the breakdown on the Operational Capital and the Debt Service for the total budget. He stated the proposed General Fund budget was \$72,176,400 which was an increase of \$711,000 or 0.99% over FY-2017.

Mr. Spurgeon stated the City of Broken Arrow anticipated revenues of \$72.67 million. He said the largest revenue source was sales tax, at over 49%; other taxes, charges for services, fines and forfeitures, transfers and other revenues made up the remaining revenue available to the General Fund. He reminded the Council the General Fund was made up of departments such as Parks, Development Services, General Services, Stormwater, City Manager, Legal and others. Mr. Spurgeon stated Broken Arrow anticipated spending \$72.18 million of the anticipated revenues through Other Transfers, General Government, Parks and Recreation, Public Services, and Public Safety Transfers.

He said with regard to the Public Safety funds in the Vision 2025 Renewal, as a point of interest, the tax that the voters repurposed in November of 2015 had not started until January of this year. He said he heard there may be a perception that the collection started a year ago in January, because traditionally if a decision was made in November it was initiated in January. He stated this was not the case and there were another 13 to 14 months of the Original Vision propositions which the voters approved that had to run before that tax concluded and the tax was repurposed. He said Broken Arrow started the new tax collection in March and the City was just a couple of months into receiving it, but the City had received all of the taxes back to January. Mr. Spurgeon stated when the City decided to repurpose the tax, the Council passed an ordinance which designated a certain percentage of the General Fund revenues to go over to Public Safety. He stated the Police received 0.15% of 1 cent of sales tax, and 36.7% of the General Fund went to the Police Department each year. He stated Fire received the same percentage of sales tax and based on the Fire Department's budget at the time the Council made the decision to transfer 30.7% of the General Fund to the Fire Department.

Mr. Spurgeon reviewed the Broken Arrow Municipal Utility Authority Financial Plan. He reported the total available revenues were projected at \$95,714,791, and proposed expenditures totaled \$94,344,800. He said Broken Arrow was expecting to bring in approximately \$1 million more in revenue than there were expenditures. He said many of the revenue sources for BAMA were dependent upon the weather, how much water was sold, how much sewer was used, and so forth, and were anticipated based upon historical data. He stated any fund balance which was left over would be applied towards meeting the soon-to-be-adopted 90 day Fund Balance policy which the Council wanted to approve this year in order to make sure the City had 90 days of reserves available should the City have a wet summer or any other issues.

The reasons for the BAMA budget increase were reviewed by Mr. Spurgeon. He reported the BAMA FY-2018 Budget was \$32 million more than FY-2017. He said the inclusion of \$30,103,000 in Utility Capital projects to be funded through loans from the OWRB was the major source of the increase, and there were increases in operational costs and working towards fund balance.

He mentioned the top two challenges for BAMA would be implementation and completion of the long-term Water and Sewer Capital needs and working towards a 90-day Reserve Fund Balance, which was discussed last fall to ensure adequate reserves for anything unforeseen.

Mr. Spurgeon stated FY-2018 budget proposed financial plan included a request for 27 new positions. He pointed out that with all of the different positions being requested there was only one additional leadership position, an assistant director for the Streets and Stormwater division which was a part of the positions presented to the Council last year. He reported there was one professional engineering position for engineering construction to help manage projects. The other remaining positions were administrative, service or public safety. He stated personnel made up 71.5% of the total General Fund. He said this was much lower than most communities which often ranged between the low to mid 80s for Personnel Expenses.

He stated he was happy Broken Arrow's Personnel Expenses were leaner than most communities. He reviewed the new positions being proposed. He reported the Street Department proposed two new positions, the Parks Department two new positions, Development Services two new positions, Information/Technology one new position, City Clerk/Municipal Clerk one new position, City Manager/Communications one new position, CVB one new position which was a Sales & Marketing Specialist to assist with marketing for the Conference Center, as well as bringing more sporting and other events to the community. He said Police and Fire proposed six new positions. He hoped that there would be growth enough to fund seven new positions. He said there were five positions from Vision and this fall would be the start of the Academy. Chief Boggs told Mr. Spurgeon he would leave it up to the

Leadership Team as to when the Academy would start and that there were three positions open for retirement, and one announced retirement. There were at least nine individuals in the next Police Academy, and Mr. Spurgeon stated when the Officers finished the Academy early next year the Police Department would have hired 10 of the 20 Police Officers that Broken Arrow committed to hire over a five year period. Mr. Spurgeon mentioned additional funds had been included for an Animal Control Officer or Call Taker for Dispatch, which Chief Bogg said was very important. He said with respect to the Fire Fund, other than additional Firefighters, there were no additional positions being proposed. He attributed this to the Chief's efforts of securing two SAFER Grants, and reported when the class graduated on June 23, Broken Arrow would have met the obligation to the Public to have 20 new Firefighters. He reported that with respect to the Police and Fire Funds, the Police Department's personnel cost was 88.3% and the Fire Department's personnel cost was 91.72%.

Mr. Spurgeon explained BAMA proposed eleven new positions, two in the General Services Department, four in Stormwater Utilities, four in Sewer Utilities, and one in Engineering & Construction. He said the Stormwater Utilities position was adding an Assistant Director of Street and Stormwater, and in Alex Mills' area of Engineering and Construction the position was an additional Project Engineer. He stated the number of positions were dependent upon the Council agreeing to the rate increase. He stated if it was not approved, adjustments would need to be made.

With respect to Employee Compensation, Mr. Spurgeon recommended to the Council, based upon the Budget, departmental savings, and all growth and revenues, a 2% cost of living increase for all nonunion employees. He noted the cost of living was in addition to the 2.5% step increase for employees not at their top step. He stated 62.4% of all City Employees were still at the step; this was about 500 employees. He said what that meant was all of the employees when hired were put on a step, then employees worked through the step system, being required to meet all expectations and receive satisfactory performance evaluations in order to be eligible for the next step. Therefore, if the City Council approved a cost of living increase, those employees still on the step could see a 2% plus the 2.5% salary increase; however, some employees had topped out and would only receive the 2% cost of living increase. He said every position had a maximum value. He explained Broken Arrow tried to stay competitive in employee compensation, and Broken Arrow was overall right in the middle to the upper third in terms of compensation. He reported to confirm this the HR Department would undertake a compensation and classification study to be completed by the end of the year. Mr. Spurgeon stated Broken Arrow would then be able to review its positions and determine if in fact the City was competitive within the market for those positions, and the positions could be adjusted accordingly.

Regarding the two Unions, he said employee compensation was through negotiation, and the City was currently moving through the process.

With regard to the Sales Tax Capital Improvement Fund (STCI), Mr. Spurgeon stated it was 0.5% of the 3.55% Municipal Tax. He stated the revenue for FY-2018 was estimated to total \$7,150,000, Proposed Projects/Initiatives and Debt Service totaled \$8,804,200, which included the projects carried over from FY-2017 of approximately \$1.6 million. He stated provided there was nothing unexpected which the City needed to pay for, the Projected Fund Balance would be \$4,385,689 by June 30, 2018. He said this sounded healthy; however, there had been issues in the past. He said \$900,000 of the \$4.3 million was dedicated for Debt Service; which meant right now in the Capital Improvement Fund there was about \$3.5 million which would be available if needed. He stated if a director could not justify a project, the project would be canceled and the funds would be returned to the Fund Balance, and then the projects would have to re-compete for the funds. He said this was another reason to hire an additional Project Engineer to help facilitate the workload put on the staff to manage the new projects, including the projects from OWRB as well as the General Obligation Bonds. He reported the Council over the last two years had added \$36 million dollars' worth of voter approved projects.

He said a question was raised about paying outside consultants for project management. He answered whenever there was a project budget he believed the budget included all professional services, land acquisition, and construction. He stated if a project required an outside consultant the money should be taken from the project funds itself; however, the estimates in some projects in 2014 were either under-funded or funded 100% which caused the City to lose the 30% capacity which the City had normally used in the past to make up any difference. Therefore, he could not say every project had adequate funds for professional services, but the City was looking at that, and if the projects were short of funds, the City would make adjustments because the projects needed to be completed.

Mr. Spurgeon said the Worker's Compensation Fund was a self-insured fund for work-related injuries, the Group Health Fund was self-funded for the employees' health plan, BAEDA consisted of Economic Development incentives, TIF, Debt Service, and the two Economic Development agreements, and, finally the Debt Service Fund which Mr. Caldwell discussed. He stated the Debt Service Fund was the principal and interest payments on GO bonds as well as many other projects and judgments (property taxes).

Mr. Spurgeon reviewed the General Government Work Plan highlights; Communications and Transparency which included the Annual Financial City-wide Newsletter which goes out around Labor Day and contained tax information, property tax information, how Broken Arrow compared to other cities, how Broken Arrow compared to other utility companies, projects to be completed, current projects, and future projects. He stated Broken Arrow was going to start a new television show over the summer called City Council Highlight Show. He said the City Council was going to create 10 questions and then interview Council Members annually and air the show throughout the year so residents could get to know the City Council Members. He said the interviews would be linked to the Council Members' profiles on the City website. He stated the City Council wanted to increase social media presence such as with the Next Door App. He mentioned Broken Arrow was still in search of someone to begin a local newspaper.

Economic Development was next discussed by Mr. Spurgeon. He said there would be Rose District improvements, and the Council was considering an economic development opportunity on the old Assembly of God church property. He stated Broken Arrow would take a break from the construction downtown to complete the plans. He explained there would be additional downtown public improvements later in the summer including road improvements throughout downtown to be funded from the sales tax, as well as projects approved by voters. He said the first draft for the Rose District/ Downtown Residential Overlay had been submitted and there was a meeting with Mr. Skates later in the week which would be discussed at the next Council Meeting, and then at the Public Hearings. He said the new Conference Center opened in September and for the Innovation District the technical grant had been submitted which requested between \$50,000 and \$100,000 to help the Council decide what concept to use.

With regard to Public Infrastructure Endeavors, Mr. Spurgeon reviewed the Vision 2025 Renewal Street Repairs and the completion of the 2011/2014 GOB Projects. He said he would review the 2018 GOB Package in a few moments and the breakdown of the various Parks and Recreation Projects throughout the City. He said a new location for the Vietnam Memorial, the Memorial Gardens, had been selected on the former Bever property. He stated there was discussion of building professional sand volleyball courts in Nienhuis Park, as well as a host of other improvements, including an adult slow pitch softball complex which Mr. Spurgeon was very excited about.

Mr. Spurgeon mentioned the creation of a Community Service Program. He said there were residents coming before the court who struggled to pay fees. He said this was an opportunity to help the residents as well as the community, by allowing residents to work off fees with hours to the City. He had spoken with one of the two directors primarily responsible and a meeting had been scheduled after Memorial Day to discuss logistics. He said the judge, as well as the two Assistant City Managers, were very supportive of this program. He saw this as something very unique to the City of Broken Arrow, to have a service program which would allow clients to work off the time given by the judge for adjudication.

Mr. Spurgeon stated the time had come to undertake a technology initiative which is called the Enterprise Resource Planning initiative (ERP). He stated it was the first step in possibly changing the software packages the City currently used and right now he is only asking for a commitment to approve the consultant work needed. He felt to implement the general ledger, utility billings, asset management for public works, CAD/RMS system for police, and development services could be a \$4 million to \$5-million-dollar endeavor plus annual maintenance. Also included in the CIP were funds to conduct a facility maintenance review as requested by Councilor Parks to take a look at our current facilities for possible expansion or upgrades of our existing facilities or possibly new facilities based upon the needs of our current organization.

Mr. Kenneth Schwab then took the floor to discuss the BAMA Work Plan highlights. Mr. Schwab stated BAMA was comprised of utilities, wastewater, stormwater, and sanitation/solid waste. He said with respect to the work plan he wanted to discuss water and wastewater. He first reviewed the Water System Capital Improvements. He said over the last five to six years BAMA had spent time and effort to improve the water system. He explained the Verdigris River Pretreatment Plant, also known as Plate Settler Basin Expansion, had been run for more than three years now, and it had been learned that the plate settlers needed more surface area to help secure and ensure the water production during future hot and dry summers. He said the expansion could take the City up to a total of 28 to 30 million gallons of water per day. He said the plans were approved at the last Council Meeting and the design process was proceeding. He reported a location for the water storage tower had been identified, and the City was in the process of acquiring the property, after which design endeavors would be made. He stated neither project was funded yet, but it was anticipated the projects would be in the process of funding by late fall or winter.

Mr. Schwab discussed the Wastewater System Capital Improvements, which included the Lynn Lane Plant Preliminary Treatment Upgrade and the Aerobic Digester Upgrade. He said the pretreatment was with DQ presently, which was the headwork and the river removal or degrader. He said these two structures were going to be combined into one and moved south,

away from the northern boundary line. He stated this would positively impact the odor issues Broken Arrow was having, and would aid production and treatment at the plant itself. He stated the existing pretreatment basin was open air, built in 1982/1983 and the new one would be enclosed. He anticipated construction would begin late summer and it was already being advertised. He stated the digester process would be changed which would also help in odor control.

Mr. Schwab reported the next project was the Haikey Creek Wastewater Treatment Plant Flow Equalization Basin (FEB) addition. He stated this was currently under construction and would take a majority of the year to complete. He explained it would add 18 million gallons of storage at the Haikey Creek which was the combined plant and this addition would bring the City up to 30 million gallons of storage. He stated the next project was the County Line Trunk System Replacement Project which was the major trunk line which went north into the east and central portion of Broken Arrow down into the Lynn Lane Plant. He stated it had been built in the early 1980s and it was the large sewer system trunk which was having issues with degradation and integrity. He stated design was approximately 80% complete now and BAMA was on the brink of acquiring the temporary construction easement. He anticipated this to go for loan request later in the year. He stated this was a large construction plan of about 4.5 miles and would cost \$20 million dollars overall.

Mr. Schwab said the last project was the Haikey Creek Force Main Upgrade, and explained that improvements had been made at the lift station at Haikey Creek while improvements needed to be made at the Force Main. He said this was funded from a previous loan and the project was ready to move forward. He said Tulsa was securing finances presently, and he anticipated this would go to construction in July or August.

Mr. Spurgeon took the floor and reviewed the Convention and Visitors Bureau Fund. He stated in FY-2017 there was \$492,100 anticipated receipt in taxes. He said the reason the number was now \$600,000 was there were three hotels coming to Broken Arrow. He said, although conservative, the City could expect an increase in the amount of tax collected from those three additional hotels, and the City anticipated a \$108,000 increase in tax collection for FY-2018. He asked if Council Members had questions about this or the projects which would be carried over into the FY-2018 or any new project proposals.

Councilor Eudey asked about marketing for the hotels, convention center, events, etc. Mr. Spurgeon stated the Convention Center and hotels would of course do their own marketing and Broken Arrow purposed to hire a Marketing Specialist who would assist with the Conference Center/hotel and event marketing. He said the City Marketing Specialist would focus on sporting events and concerts and encourage the groups playing/performing at the Broken Arrow Conference Center to stay in Broken Arrow hotels. Councilor Wimpee asked if the new Marketing Specialist would work hand-in-hand with the EDC, with Lauren, the Marketing Specialist for the Rose District. Mr. Spurgeon replied Lauren focused on supporting the businesses in the Rose District while the new City Marketing Specialist would be focusing on the hotel/motel industries, but there would be synergies. He stated there would be focus on enticing people into the Rose District, and there had even been talk of a shuttle bus to the area.

Mr. Spurgeon stated the City was in compliance with the policy of a 10% fund balance reserve for unforeseen expenses. He reiterated if there were any questions following the meeting they should be emailed to him and he would email the answer to all Council Members.

Mr. Spurgeon broached the subject of other budget and policy considerations, as well as the 2018 General Obligation Bond Package and Election. He stated he would not go into detail as this was budget review. He stated the actual vote for this, if the Council approved it, would be in FY 2019, but the vote would be called in FY-2018. He recommended the Council authorize the administration to begin the planning process for presentation to the voters in August of 2018 of the next General Obligation Bond Package. He said he wanted maximum public input on types of projects, and the Directors had been requested to prepare proposed projects and submit them by 07/01/2017. He stated this process took a full year to be done correctly. He indicated when the Council met and discussed, the Council's direction on an overall package, what the priorities would be, the size of the package for voter consideration, the propositions and the timing should be discussed. He stated he would like the Council to consider a larger package, a 6-7 year package as opposed to a 4-5 year package; one which would enable the City to provide information to the public regarding road maintenance, widening, etc. He said he wanted public input regarding tax policy. He explained if tax rates could increase to \$21 million a year, after 7 to 8 years with \$150 million dollars, \$15 million to \$20 million could be purposed for parks, \$65 million to \$70 million for roads, public safety, city facilities, etc., and much could be done. He said this could be discussed at a later date, as he first wanted to discuss the package for August 2018.

Councilor Lester stated the Council would need traffic counts for the roads prior to going to the public to answer questions. Mr. Spurgeon agreed, and indicated the Council would receive a road "ranking" based on volume of traffic, potential growth, as well as other factors in early fall. He stated the City wanted a strong public education program regarding this and all intended

projects. He stated one reason he wanted a larger, longer term package, was the City of Broken Arrow had 10 to 15 miles of road which needed to be widened from 2 or 3 lanes to 5 lanes in order to accommodate growth, but other areas where only an intersection needed to be addressed. He stated nothing would be done until the voters weighed in. He said that Build a Better Broken Arrow, the Chamber of Economic Development, the school districts, utilities, etc., were all involved, and a comprehensive package would take time. He said he was hoping to get this started right away to be voted on in August 2018, and asked if the Council agreed. Mr. Thurmond stated he agreed with the date of August 2018, but the Council needed more information and planning to begin.

Mr. Schwab stated engineering was pulling together information regarding the level of service at intersections, road capacities, traffic counts, projected capacity, what was needed to reach capacity, projected costs with respect to utilities, etc. He stated this process would take several months, but by fall a better picture overall would be available for consideration. Discussion ensued regarding widening roads in their entirety versus portions of the road, north/south traffic, east/west traffic, roads getting worse as time goes by, improving roads prior to need, and long term planning.

Mr. Spurgeon continued with discussion of the proposed Center for the Creative Arts. He reported the Council had, by way of repurposing General Operation Bonds of about \$1.6 million dollars, and by allocating \$2.4 million from Vision, a total of \$4 million dollars for the Creative Arts building. He explained the project, located where the old AVB Bank was in the downtown area, would require approximately \$10 million dollars to complete; however, after being unable to raise the total \$10 million needed, the Committee decided to go forward and do phase 1 of the project utilizing the \$4 million. He stated the different designs of the first phase and the program of work for the facility were being reviewed. He said as he understood the City would build the facility and then facility staff would form partnerships with public educational institutions such as TCC, Tulsa Tech, OSU, OU, etc., as well as rent rooms within the facility to individual artists to generate funds. He stated the point of no return had not yet been reached, and the City had been approached about providing ongoing operational support for the facility. He stated with this type of facility it could take time to ramp up and take in enough revenue to meet expenses, or a subsidy from outside would be needed. He stated the arts were extremely important to every successful community and therefore the Council needed to consider this. He had been told operational costs for this facility could range from \$300,000 to \$500,000 per year, and the Council had been asked to consider a contribution each year for operational costs. He said the City had a contract with Dr. Huckaby to find donations/contributions for the project, but there had not been much success. He stated no decision needed to be made right away, but he wanted the Council to be aware of the situation as there were residents who wanted public dollars to be committed to support operations and he wanted the Council's feedback. He stated the City would probably need to commit between \$100,000 and \$150,000 to start. He stated in 5 years that number would be different. He explained the City was already committed to construction and maintenance of the building itself, but the Arts Center was requesting additional funds for operational costs.

Councilor Lester stated schools would not be able to contribute financially, and the City did not need another business to maintain outside the City's scope of business. He felt this was a bad time to do this project and felt it was bad business to commit \$3.8 million as well as an unknown yearly amount. Councilor Parks stated he understood it was a valuable asset for the City and understood what Mr. Spurgeon was saying, but it was a tough pill to swallow with so many important projects in the works. He said he would like to look further to determine if there was an alternate way to fund this as it was an important component to the City's plan for the downtown area. He agreed the schools would be financially unable to participate, but this project would be beneficial to the schools and was important to the growth and training of Broken Arrow's youth. Vice-Mayor Eudey stated there was not enough information to make a decision in this regard. He said the voters had expressed an interest in this Arts Center and it was important to determine precisely what the budget need was before a decision was made. Mr. Eudey stated he was not opposed to building the facility and having it support itself, but was opposed to committing to a potential drain on the City's finances. Discussion continued regarding private investor donations for the second half of the building project, private investors wanting to see part of the investment made prior to committing funds, obtaining more information as to what exactly was needed, and the huge commitment this would be if made by the City. Mr. Spurgeon added that he wanted to bring it to the Council's attention since he had already been approached about this project and wanted the Council to be prepared if it was approached as well.

Mr. Spurgeon gave the floor to Mr. Kenneth Schwab for a City of Broken Arrow Streets and Stormwater presentation.

Mr. Schwab explained in the past street maintenance had been paid for out of STCI, up to \$1 million a year, and then in 2008 this was supplemented with General Obligation bonds naming certain subdivisions on the bond enabling more money to be added and needs to be addressed. He stated this year was the first time money had been dedicated from a sales tax fund for street

improvement and maintenance. Mr. Schwab stated Mr. Steve Arant would review the three critical components of the maintenance program and how this tied to the Pavement Condition Index (PCI), the triggers, and most importantly the 5 year plan which was a growth program that included anticipated streets for FY-2018.

Mr. Steve Arant took the floor. He stated the FY-2018 was a signature year as it would be the first year a full 12 months of sales tax earnings would be available to the Street and Stormwater Department. He stated this enabled the Street and Stormwater Department to move from a reactive program to a proactive program, adding micro surfacing, slurry sealing and thin mill and overlay, which had been done very little in the past. He said restoration, rehabilitation, patching, major mill and overlay and reconstruction would continue. Mr. Arant explained the Pavement Condition Index was a single score representing the overall condition of the pavement which consisted of a Roughness Index, a score that measured the number of bumps per mile and a Surface Distress Index, a score that represented a weighted aggregation of surface distress conditions (i.e. cracking, pothole and raveling) per mile; $PCI = 33\% \text{ Roughness Index} + 67\% \text{ Surface Distress Index}$. He directed the Council's attention to a graph which displayed the relationship between the PCI and road condition. He mentioned a consultant in December of 2016 had indicated Broken Arrow had a PCI street value of 70, which, according to the chart, meant Broken Arrow's roads were in between a good surface and a very good surface. He stated the National Average PCI was between 60 and 65; however, Broken Arrow had higher standards than the National Average. Mr. Arant felt very optimistic about the Vision 2025 sales tax and what it meant for the Broken Arrow Street and Stormwater Department's maintenance program.

Mr. Arant next directed the Council's attention to a chart displaying 33 street maintenance projects indicating contracted or inside labor, funding, and year to be completed or yearly maintenance. He explained the sales tax had tripled the funding available to the Street and Stormwater Department and as a result the Street and Stormwater Department would not only be doing street repair, but also crack repair along the concrete strips. He stated the City had not been able to do this in the past; the Department had always completed reaction repairs, but now would be able to be proactive and go into subdivisions and do repair. He mentioned one other new item added to the program was city-wide crack seal and striping. It had always been done in-house, he said, and the City would now be spending \$100,000 yearly for crack seal and \$200,000 yearly for striping which would improve the program. He stated the bond money and STCI funding would be depleted in 2018, and future funding would be sales tax. He said sales tax money was \$10,645,000 in 2018 and typically the number needed to be consistently 6.5 or 6.75 every year to keep up with the program.

Councilor Lester asked if subdivisions with concrete streets held up better than subdivisions with asphalt streets. Mr. Arant stated yes, but there were subdivisions with newer streets, built 5-6 years ago, that needed regular maintenance annually. A Council Member asked if this was a quality of materials used issue or an issue with the subgrade. Mr. Arant said when the concrete streets were repaired the base would be dug out, fabric cover would be placed, steel would go into every repair made, and this would last for many years. He explained that this way the streets would be improved so less maintenance would be required in the future, but, as a whole, concrete streets were of better quality than asphalt streets.

Mr. Spurgeon addressed the next item for discussion, the Proposed Utility Rate Increases effective November 2017. He said the reasons for increases were to support the Debt Service on \$140 million in Capital Projects and to support Operations and Personnel costs. He mentioned last fall the Council had looked at a 5 year rate model that supported the Debt Service and Operational Costs for BAMA. He said year 2 of implementation of the approved 5 year rate model called for the first three items, Water at 5.5%, Sewer at 7.0%, and Stormwater at 9.0%. He said a fourth item, a street light fee increase from \$1.00 to \$1.50, was something he wanted the Council to consider adding. He stated with this month's utility bill there would be an informational document from Mr. Schwab titled, "Shedding Light on Our Traffic Management System." He explained some residents thought the street light fee was only for the street light in front of their homes; therefore, this was being sent out to educate residents of the needed technology maintenance and light maintenance, as the City had 83 signalized intersections, 18 signal school zones, 55 civil defense sirens and outdoor warning sirens, and 5,000 street lights located across residential areas. He said the funds would be used for nonoperational expenses which would free up funds needed to hire two traffic signal technicians. Mr. Schwab stated the City was working with the same number of crew members as they had 14 years ago. He said the crew did a wonderful job, but with the added streetlights the City was in need of added personnel. Mr. Spurgeon stated the fee would be a part of the Manual of Fees that the Council would consider later in the summer when all of the proposed fee requests were reviewed.

Mr. Spurgeon asked the Council to review the Bonds Versus Rates section of the Budget Message since sometime in the next year or so a decision would need to be made in this regard. Mr. Spurgeon was concerned that if General Obligation bonds were used for the \$50 million funding needed for the \$140 million instead of rate, and if the City went out for bonds for Water and Sewer and they passed, it would take Broken Arrow's millage rate above Tulsa's. He felt

this would deter any capacity Broken Arrow had for General Obligation bonds and therefore the Council needed to discuss how the other \$50 million would be funded. He recommended the City borrow only what was needed for the projects and adjust the rates slightly as the City brought the debt online versus increasing the millage by about 4 and taking it to 21 or 22 and then asking the voters to approve a large Obligation Package next summer which would put Broken Arrow's millage close to the top in the State. He said this would go way beyond where the Council said it wanted to keep the millage. Mr. Spurgeon stated when this subject was next broached, information would be provided concerning the rate increase, the per-thousand-gallon increase, the sewer rate, and a comparison to other cities and other cities' charges.

Mr. Spurgeon moved on to the Future Operational and Budget Considerations. He said the first was a continual review of Operational Expenses. He said a lot of time was spent on this each year; all directors were required to justify operational and non-personnel expenditures. He felt overall the City was able to honor the Directors' budget requests to enable various departments to serve the community. Second was the continued lobbying effort for an updated taxation model to support municipal operations. He stated the Amazon agreement was signed March 1, but in projections Finance had for this year, no additional increase from Amazon was mentioned. He explained there was a user fee, not a sales tax, which meant when a customer made an Amazon purchase the City received a user fee. He mentioned some cities were able to indicate a projected increase in income from Amazon fees; however, he was not comfortable with this as Broken Arrow had no point of reference yet. He said 6 months into the year Finance would have a better point of reference and would be able to adjust projections to the Council. He believed there would be an increase, but was not certain exactly what that increase would be. He said Broken Arrow did not have a sales tax increase this year; therefore, he preferred being conservative at this point. He mentioned President Trump's new infrastructure bill which would create additional jobs, and stated there were things happening which would positively affect the State of Oklahoma, as well as Broken Arrow, including the Amazon contract, but he did not have any additional information yet.

The next item, Mr. Spurgeon stated, was the consideration of the Recycling Committee's recommendation to the Council, which was about 30 to 45 days away. Mr. Spurgeon recommended that following the Recycling Committee's presentation to the Council, the Council should review the proposal individually, and then meet with the Recycling Committee to ask questions. He said any change made to garbage pickup or recycling was a significant change in the day-to-day lives of the residents. He felt this would be a time-consuming process with 30 to 45 days being taken to review the proposal, then the City Council would give direction, then administration would come back with a plan and a timeline, which put the Council 6 months away from a schedule of implementation. He stated it was important that this process be methodical and careful as this was one of the most significant changes residents would feel or have felt in the past.

Mr. Spurgeon stated another future Operational & Budget consideration was the long-term BAMA Capital Plan, and last was to finalize the Downtown Residential Housing Initiative.

Mr. Spurgeon thanked Finance, Alicia, Robin, and Tom Cook, Robert Russell and all the Directors who put budgets together.

Councilor Parks commented it was wonderful to be able to review the proposed financial plan and budget highlights for the FY-2018. Mr. Spurgeon responded he appreciated that and would be ready for the Public Hearing on the 5th.

9. Remarks and Inquiries by Governing Body Members

There were no remarks or inquiries by Governing Body Members.

10. Remarks and updates by City Manager

There were no remarks or updates by the City Manager.

11. Adjournment of the Broken Arrow Economic Development Authority

The meeting adjourned at approximately 7:23 p.m.

MOTION: A motion was made by Mike Lester, seconded by Johnnie Parks.

Move to adjourn

The motion carried by the following vote:

Aye: 5 - Debra Wimpee, Johnnie Parks, Mike Lester, Scott Eudey, Craig Thurmond

12. Adjournment of the Broken Arrow Municipal Authority

The meeting adjourned at approximately 7:23 p.m.

MOTION: A motion was made by Johnnie Parks, seconded by Mike Lester.

Move to adjourn

The motion carried by the following vote:

Aye: 5 - Debra Wimpee, Johnnie Parks, Mike Lester, Scott Eudey, Craig Thurmond

13. Adjournment of the Broken Arrow City Council

The meeting adjourned at approximately 7:23 p.m.

MOTION: A motion was made by Mike Lester, seconded by Scott Eudey.

Move to adjourn

The motion carried by the following vote:

Aye: 5 - Debra Wimpee, Johnnie Parks, Mike Lester, Scott Eudey, Craig Thurmond

Attest:

Mayor

City Clerk