

JOINT SPECIAL MEETING MINUTES
BROKEN ARROW CITY COUNCIL AND
THE BROKEN ARROW MUNICIPAL AUTHORITY
COUNCIL CHAMBERS
220 SOUTH FIRST STREET
BROKEN ARROW, OKLAHOMA 74012
January 11, 2010
7:30 PM

1. Call to Order for City Council

Section Minutes: Mayor Lester called the City Council to order for the special joint meeting of the City Council and the Broken Arrow Municipal Authority at approximately 7:30 p.m.

2. Roll Call for City Council

Section Minutes: Mayor Lester asked for the roll call for the City Council.

Present:	Craig Thurmond, Philip Tucker, Richard Carter and Mike Lester
Absent:	Wade McCaleb

3. Call to Order for the Broken Arrow Municipal Authority

Section Minutes: Chairman Lester called the Broken Arrow Municipal Authority (BAMA) to order for the special joint City Council and BAMA meeting at approximately 7:30 p.m.

4. Roll Call for Broken Arrow Municipal Authority

Section Minutes: Chairman Lester asked for the roll call for the Broken Arrow Municipal Authority.

Present:	Craig Thurmond, Philip Tucker, Richard Carter and Mike Lester
Absent:	Wade McCaleb

5. Pledge of Allegiance to the Flag

Section Minutes: Mayor Lester led the Pledge of Allegiance to the Flag.

6. General Council Business

A. Consideration of and possible approval of budget preparation parameters for Fiscal Year 2010-2011

Item Minutes: City Manager, Mr. Dave Wooden, presented this item. He presented the details contained in the Fact Sheet as follows:

The City of Broken Arrow adopted the 1979 Municipal Budget Act in 1991 as the basis for preparing its annual budget. On January 13, 2009, the City adopted a formal budget policy.

The annual budget adopted by the City Council is the financial plan of the Broken Arrow city government. The purpose of the policy is to provide guidelines for the preparation, review and approval of the annual budget and to give direction to City staff for the monitoring of the approved budget and the process for any required revisions or amendments thereto. Compliance with this policy assists in maintaining the fiscal health of the City government organization.

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Present:

Absent:

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4. Roll Call for Broken Arrow Municipal Authority

Section Minutes: Chairman Lester asked for the roll call for the Broken Arrow Municipal Authority.

Thurmond, Phil Tucker, Richard Carter and Mike Lester

Present: Craig Thurmond, Philip Tucker, Richard Carter and Mike Lester

Absent: Wade McCaleb

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6. General Council Business

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The annual budget adopted by the City Council is the financial plan of the Broken Arrow city government. The purpose of the policy is to provide guidelines for the preparation, review and approval of the annual budget and to give direction to City staff for the monitoring of the approved budget and the process for any required revisions or amendments thereto. Compliance with this policy assists in maintaining the fiscal health of the City government organization.

Special Joint Meeting of Broken Arrow City Council and BAMA Minutes Page 1 of 6 January 11, 2010

The policy addresses the timing of certain actions to be taken as well as gives direction for the use of Emergency Reserve Fund Balances. It also sets the use of no more than Estimated Revenues for the current budget year to be used as the basis for revenues budgeted for the upcoming budget year. Any deviation from this will be communicated to the Council in the budget message and must be approved by the Council. Staff recommends that in this time of uncertainty in the economic climate of Oklahoma as well as the entire country, the following parameters are appropriate. The proposed parameters for the Fiscal Year 2010-2011 General Fund budget are as follows:

- 1) Projected revenues are equal to 97% of Estimated/Actual Revenue for the respective funds for Fiscal Year 2010-2011 except as noted below.
- 2) BAMA PILOT fee is based on 7.5% of appropriate Estimated BAMA revenues for Fiscal Year 2010-2011.
- 3) Transfers in are equal to Fiscal year 2009-2010 except for Convention & Visitors Board which is increased by \$2,700 to reflect costs of Tourism Director and related supplies.

Expenses are budgeted for Fiscal Year 2010 at the same level as Fiscal Year 2009 except for an increase in personnel costs of 2.5%. Staff anticipates this increase will cover the costs on salaries and related benefits of step increases as well as any cost in insurance. The proposed parameters for the Fiscal Year 2010-2011 BAMA financial plan is revenues and expenses will be equal to the Fiscal Year 2009-2010 Estimated/Actual except for an increase in personnel cost of 2.5% as noted above for General Fund. Additionally, capital outlay and debt service are budgeted at anticipated levels for Fiscal Year 2010-2011.

Mr. Wooden said a Council vote and a BAMA vote are required for this item.

Mayor Lester asked for a motion for the City Council:

Motion:	Move to approve the budget preparation parameters for Fiscal Year 2010-2011
Motion by:	Philip Tucker
Second by:	Richard Carter
Ayes:	Philip Tucker, Richard Carter, Craig Thurmond, Mike Lester
Nays:	None

Chairman Lester asked for a motion for BAMA:

Motion:	Move to approve the budget preparation parameters for Fiscal Year 2010-2011
Motion by:	Philip Tucker
Second by:	Richard Carter
Ayes:	Philip Tucker, Richard Carter, Craig Thurmond, Mike Lester
Nays:	None

B. Consideration of and possible approval of personnel funding for Fiscal Year 2010-2011

Item Minutes: Mr. Wooden presented the details contained in the Fact Sheet as follows:

The City of Broken Arrow is currently not meeting the Emergency Reserve Fund Balance level to be in compliance with the budget compliance policies for the General Fund and BAMA. As a result, the City has been and continues to operate under a hiring freeze. In the Fiscal Year 2009-2010 budget, 29 unfilled positions for the General Fund and 19 unfilled positions for BAMA were eliminated. The City's economic outlook during the first six months of Fiscal Year 2009-2010 and preliminary Fiscal Year 2010-2011 budget, as shown on separate agenda items, continue to indicate the City will not be in compliance with its Fund Balance policy at the end of Fiscal Year 2009-2010 or 2010-2011.

Staff recognizes that most if not all Departments have operated with fewer personnel over the last two years and face difficulty at times in providing the services necessary for the operation of the City. However, due to the uncertain economic outlook, staff is recommending that no additional personnel be funded in Fiscal Year 2010-2011. However, Staff is recommending that as the economic outlook becomes clearer, the City Manager should evaluate staffing needs and decide on actions necessary on an individual basis. Any hiring action would be presented to the Council or Authority and funded through a budget amendment at the appropriate time. Staff is also recommending that City and BAMA do not budget for any general wage increase except for step raises available for personnel. Mr. Wooden said a Council vote and a BAMA vote are required for this item.

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Mr. Wooden said a Council vote and a BAMA vote are required for this item.

Mayor Lester asked for a motion for the City Council:

Motion: Move to approve the budget preparation parameters for Fiscal Year 2010-2011

Motion b Philip Tucker

Second b Richard Carter

Ayes: Philip Tucker, Richard Carter, Craig Thurmond, Mike Lester

Nays: None

Chairman Lester asked for a motion for BAMA:

Motion: Move to approve the budget preparation parameters for Fiscal Year 2010-2011

Motion b Philip Tucker

Second b Richard Carter

Ayes: Philip Tucker, Richard Carter, Craig Thurmond, Mike Lester

Nays: None

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Mayor Lester asked for a motion for the City Council:

Motion:	Move to approve personnel funding for Fiscal Year 2010-2011
Motion by:	Philip Tucker
Second by:	Craig Thurmond
Ayes:	Philip Tucker, Craig Thurmond, Richard Carter, Mike Lester
Nays:	None

Chairman Lester asked for a motion for BAMA:

Motion:	Move to approve personnel funding for Fiscal Year 2010-2011
Motion by:	Philip Tucker
Second by:	Craig Thurmond
Ayes:	Philip Tucker, Craig Thurmond, Richard Carter, Mike Lester
Nays:	None

C. General Fund Financial Presentation for the six months ending December 31, 2009

Item Minutes: Finance Director, Mr. Tom Caldwell, presented this item. He stated that this presentation was informational only and required no action. Mr. Caldwell reviewed the information contained in the Fact Sheet and accompanying financial overview provided in the agenda packet. He explained that it is beneficial for the City Council to review the financial status of the City on a monthly basis and this presentation is being presented as part of the budget briefing meeting rather than at the first regular Council meeting of the month as is usually the practice.

No action taken or required.

D. Consideration of and possible approval of preliminary General Fund Emergency Reserve Fund Balance Levels for Fiscal Year 2010-2011

Item Minutes: Mr. Wooden presented this item stating that it was a Council item only. He presented the information contained in the Fact Sheet as follows:

During Fiscal Year 2009, the Council adopted a General Fund Budget Compliance Policy requiring the Emergency Reserved Fund Balance for the General Fund to be ten (10) percent of the preceding year's income, excluding transfers. Based on current preliminary projections, the required General Fund Emergency Reserve Fund Balance levels will be \$3,853,000.

The preliminary budgeted revenues as shown on the attached projected income statement equal to the 97% of the Estimated/Actual Revenue for Fiscal Year 2010 except for the BAMA PILOT fee which is calculated based on 7.5% of the preliminary budgeted numbers for BAMA Charges for Services and Penalties and transfers from various funds. Expenses are budgeted at the anticipated spending level for Fiscal Year 2010 except for a 2.5% in Salaries & Wages which is anticipated to cover step increases for salaries, related benefits as well as any increase in insurance.

Based on the information attached to the Fact Sheet, the estimated preliminary General Fund Emergency Reserve Fund Balance at June 30, 2011, will be \$617,790. As this estimated preliminary Emergency Reserve Fund Balance is below the balances required by Resolution 555, the staff requests that the City Council approve this reduction in the Emergency Reserve Fund Balances for this fiscal year only. The City will continue cost control measures to increase the Emergency Reserve Fund Balances to the required levels.

Mr. Wooden said this item requires Council action only.

Motion:	Move to approve preliminary General Fund Emergency Reserve Fund Balance Levels for Fiscal Year 2010-2011
Motion by:	Craig Thurmond
Second by:	Philip Tucker

Mayor Lester asked for a motion for the City Council:

Motion: Move to approve personnel funding for Fiscal Year 2010-2011

Motion b Philip Tucker

Second b Craig Thurmond

Ayes: Philip Tucker, Craig Thurmond, Richard Carter, Mike Lester

Nays: None

Chairman Lester asked for a motion for BAMA:

Motion: Move to approve personnel funding for Fiscal Year 2010-2011

Motion b Philip Tucker

Second b Craig Thurmond

Ayes: Philip Tucker, Craig Thurmond, Richard Carter, Mike Lester

Nays: None

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No action taken or required.

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Mr. Wooden said this item requires Council action only.

Motion: Move to approve preliminary General Fund Emergency Reserve Fund Balance Levels for Fiscal Year 2010-2011

Motion b Craig Thurmond

Second b Philip Tucker

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Ayes:	Craig Thurmond, Philip Tucker, Richard Carter, Mike Lester
Nays:	None

- E. Consideration of and possible approval of Sales Tax Capital Improvement Fund Spending Priorities for Fiscal Year 2010-2011

Item Minutes: Mr. Wooden presented this item stating that it was a Council item only. He presented the information contained in the Fact Sheet as follows:

The City of Broken Arrow sets aside one half of one percent (0.5%) of the sales tax approved by the citizens of Broken Arrow for capital improvement purchases. These funds are accounted for in the Sales Tax Capital Improvement ("STCI") fund. One fourth of this sales tax (0.125%) is pledged as security, subject to annual appropriation, for the debt service on loans of the City of Broken Arrow. The loans for Fiscal Year 2010 are the North Elm Economic Development Area (Bass Pro work site and surrounding area) and the Target work site area (Auburndale-Halifax contract) which mature in June 2011 and December 2014 respectively. The remaining portion (0.375%) of the sales tax is used for replacement of existing equipment, purchase of new equipment and construction of City wide projects.

Sales tax revenue for STCI for Fiscal Year 2011, based on actual revenue through December and no growth for the remainder of the year, is projected to be \$4,860,000. This projection is based on 96.29% of the sales tax collected from January through June 2009 plus actual revenue through December 2009. Based on this projection, \$1,253,000 is restricted to debt service and the remaining \$3,759,000 used for other capital outlay for the City. The calculation of the projected revenue and proposed priority for these funds is presented on Exhibit A. The priorities are based on the policy adopted at the May 19, 2009 City Council meeting.

Mr. Wooden said this item requires Council action only.

Motion:	Move to approve Sales Tax Capital Improvement Fund Spending Priorities for Fiscal Year 2010-2011
Motion by:	Philip Tucker
Second by:	Richard Carter
Ayes:	Philip Tucker, Richard Carter, Craig Thurmond, Mike Lester
Nays:	None

- F. Broken Arrow Municipal Authority Financial Presentation for the six months ending December 31, 2009

Item Minutes: Mr. Caldwell presented this item stating the presentation is informational only and requires no action. Mr. Caldwell reviewed the information contained in the Fact Sheet and accompanying documents provided in the agenda packet. He explained that it is beneficial for the BAMA to review the financial status of the City on a monthly basis, and this presentation is being presented as part of the budget briefing meeting rather than at the first regular BAMA meeting of the month as is usually the practice.

No action taken or required.

- G. Consideration of and possible approval of preliminary Broken Arrow Municipal Authority Emergency Reserve Fund Balance Levels for Fiscal Year 2010-2011

Item Minutes: Mr. Wooden presented this item stating that BAMA will need to take action first followed by Council action. He presented the details contained in the Fact Sheet as follows:

During Fiscal Year 2009 the Trustees of the Broken Arrow Municipal Authority ("BAMA") adopted Resolution 555 setting the method for calculating the required Emergency Reserve Fund Balance level for BAMA. The Emergency Reserve Fund Balance for BAMA should equal to six (6) months of expenses (July through December) for the Water, Sewer and Sanitation Utilities. It will also include an amount equal to four (4) month of expenses (July through October) for the Stormwater Utility. For purposes of this calculation, expenses shall include all operating expenses, capital outlay expenses and debt service payments including principal, interest and fiscal agent. Based on current preliminary projections, the required BAMA Emergency Reserve Fund Balance levels will be \$11,478,000.

Mike Lester

ei Thurmond, Tucker, Richard Carter, Mike Lester

Ayes: Craig Thurmond, Philip Tucker, Richard Carter, Mike Lester

Nays: None

E. Consideration of and possible approval of Sales Tax Capital Improvement Fund Spending Priorities for Fiscal Year 2010-2011

Item Minutes: Mr. Wooden presented this item stating that it was a Council item only. He presented the information contained in the Fact Sheet as follows:

The City of Broken Arrow sets aside one half of one percent (0.5%) of the sales tax approved by the citizens of Broken Arrow for capital improvement purchases. These funds are accounted for in the Sales Tax Capital Improvement (STCI) fund. One fourth of this sales tax (0.125%) is pledged as security, subject to annual appropriation, for the debt service on loans of the City of Broken Arrow. The loans for Fiscal Year 2010 are the North Elm Economic Development Area Bass Pro work site and surrounding area) and the Target work site area (Auburndale-Halifax contract) which mature in June 2011 and December 2014 respectively. The remaining portion (0.375%) of the sales tax is used for replacement of existing equipment, purchase of new equipment and construction of City wide projects.

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Mr. Wooden said this item requires Council action only.

Motion: Move to approve Sales Tax Capital Improvement Fund Spending Priorities for Fiscal Year 2010-2011

Motion b Philip Tucker

Second b Richard Carter

Ayes: Philip Tucker, Richard Carter, Craig Thurmond, Mike Lester

Nays: None

F. Broken Arrow Municipal Authority Financial Presentation for the six months ending December 31, 2009

Item Minutes: Mr. Caldwell presented this item stating the presentation is informational only and requires no action.

Mr. Caldwell reviewed the information contained in the Fact Sheet and accompanying documents provided in the agenda packet. He explained that it is beneficial for the BAMA to review the financial status of the City on a monthly basis, and this presentation is being presented as part of the budget briefing meeting rather than at the first regular BAMA meeting of the month as is usually the practice.

No action taken or required.

G. Consideration of and possible approval of preliminary Broken Arrow Municipal Authority Emergency Reserve Fund Balance Levels for Fiscal Year 2010-2011

Item Minutes: Mr. Wooden presented this item stating that BAMA will need to take action first followed by Council action. He presented the details contained in the Fact Sheet as follows:

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Based on the attached information the estimated preliminary BAMA Emergency Reserve Fund Balance will be \$10,447,875. As this estimated preliminary Emergency Reserve Fund Balances is below the balances required by Resolution 555, the staff requests that the City Council approve this reduction in the Emergency Reserve Fund Balances for this fiscal year only. The City will continue cost control measures to increase Emergency Reserve Fund Balances to the required levels.

Chairman Lester called for a motion from BAMA:

Motion:	Move to approve preliminary Broken Arrow Municipal Authority Emergency Reserve Fund Balance Levels for Fiscal Year 2010-2011
Motion by:	Craig Thurmond
Second by:	Richard Carter
Ayes:	Philip Tucker, Craig Thurmond, Richard Carter, Mike Lester
Nays:	None

Mayor Lester called for a motion from the City Council:

Motion:	Move to approve preliminary Broken Arrow Municipal Authority Emergency Reserve Fund Balance Levels for Fiscal Year 2010-2011
Motion by:	Craig Thurmond
Second by:	Richard Carter
Ayes:	Philip Tucker, Craig Thurmond, Richard Carter, Mike Lester
Nays:	None

7. Remarks and Inquiries by Governing Body Members

Section Minutes: Councilor Carter said that he has been in public service for many years and used to think that Broken Arrow was too conservative economically. He said that today, in light of the current economic conditions and in view of the economic difficulties that Tulsa is experiencing, he realizes and is proud to say that Broken Arrow has been prudent in its budgetary planning over the years.

8. Executive Session

None

9. Adjournment

Section Minutes: The City Council meeting adjourned at approximately 7:52 p.m.

Motion:	Move to adjourn the Broken Arrow City Council meeting
Motion by:	Richard Carter
Second by:	Philip Tucker
Ayes:	Richard Carter, Philip Tucker, Craig Thurmond, Mike Lester
Nays:	None

Section Minutes: The Broken Arrow Municipal Authority meeting adjourned at approximately 7:52 p.m.

Motion:	Move to adjourn the Broken Arrow City Council meeting
Motion by:	Craig Thurmond
Second by:	Richard Carter
Ayes:	Richard Carter, Philip Tucker, Craig Thurmond, Mike Lester

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Motion: Move to approve preliminary Broken Arrow Municipal Authority Emergency Reserve Fund Balance Levels for Fiscal Year 2010-2011

Motion b Craig Thurmond

Second b Richard Carter

Ayes: Philip Tucker, Craig Thurmond, Richard Carter, Mike Lester

Nays: None

Mayor Lester called for a motion from the City Council:

Motion: Move to approve preliminary Broken Arrow Municipal Authority Emergency Reserve Fund Balance Levels for Fiscal Year 2010-2011

Motion b Craig Thurmond

Second b Richard Carter

Ayes: Philip Tucker, Craig Thurmond, Richard Carter, Mike Lester

Nays: None

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Section Minutes: The City Council meeting adjourned at approximately 7:52 p.m.

Motion: Move to adjourn the Broken Arrow City Council meeting

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Second b Philip Tucker

Ayes: Richard Carter, Philip Tucker, Craig Thurmond, Mike Lester

Nays: None

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Motion: Move to adjourn the Broken Arrow City Council meeting

Motion b Craig Thurmond

Second b Richard Carter

Ayes: Richard Carter, Philip Tucker, Crai Thurmond, Mike Lester

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Nays:	None
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City Council:



Mayor

Broken Arrow Municipal Authority:



Chairman

Attest:



City Clerk



Attest:



Secretary



Nays:

City Council:

None

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ity Clerk

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Attest:

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Special Joint Meeting of Broken Arrow City Council and BAMA Minutes Page 6 of 6 January 11, 2010