

EDMOND CITY COUNCIL MINUTES

December 21, 2006

Mayor Sandra Naifeh called the regular meeting of the Edmond City Council to order at 5:30 p.m., Thursday, December 21, 2006, in the City Council Chambers.

2. Approval of Minutes. Councilmember Sanford requested the Minutes be amended on Item 3.A. deleting "replacing the gate" to "resurfacing the street to the Corp of Engineers gate". Motion by Lamb, seconded by Sanford, to approve December 11, 2006, Minutes as amended. **Motion carried** as followed:

AYES: Mayor Naifeh, Councilmembers Page, Sanford, Lamb
and Miller

NAYS: None

3. GENERAL CONSENT ITEMS: (General Consent Items were voted on collectively except where noted.)

A. Approval of Administrative Items:

- 1) **Acceptance of City Treasurer's Investment Report for month ending November 30, 2006.**
- 2) **Approval of Election Proclamation and Resolution No. 33-06 calling for municipal elections to be held in the City of Edmond, Oklahoma County, State of Oklahoma, on March 6, 2007, and April 3, 2007, to elect the Mayor and Council members representing Wards One and Two.**
- 3) **Approval of Resolution No. 34-06 establishing the 9-1-1 Voice Over Protocol (VOIP) Emergency Services Fee.**
- 4) **Approval of re-assignment of Hangar Ground Lease No. 7A from Robert Roden to Dan Davis, at the Guthrie/Edmond Regional Airport.** Mayor Naifeh stated Mr. Davis was not the first person on the waiting list and she stated she felt they should abide by the waiting list. She stated she did not feel comfortable with the protocol which allowed the current lease holder to choose the person to re-assign the lease to.

Larry Stevens, City Manager, addressed Council and stated the existing lease contains a clause allowing the leasee to sub-lease or re-assign the lease to a person of their choice. Mr. Stevens stated this clause

is a common component of airport leases in general. He noted the lease agreement also contains a clause stating that neither the City of Guthrie or City of Edmond can unreasonably withhold approval of the re-assignment without good cause.

Ron Groves, Manager of the Guthrie/Edmond Regional Airport, addressed Council and stated the current lease agreement is the standard agreement used at airports of this type. He stated the lease can be sub-leased only one time in order to be assured that the leases remain aviation operations only. He noted that a re-assignment of lease was approved by Council a few months prior to this request. Mr. Groves stated there are 19 people on the current list and that Mr. Davis has been on the list since October, 2003, and the first person on the list has been on the list since September, 2003. He noted the Board attempts to honor the list whenever possible. Mr. Groves stated this lease re-assignment has been approved by the Airport Board as well as the City of Guthrie. He noted because the airport is jointly owned by both cities, the agreement states that both City Councils are required to approve any new agreements. He stated he would work with both City Attorneys to change the language of the lease agreements. He stated the language will be amended to require the lease holder to begin construction of a hangar within six months or the lease will be voided and returned to the airport to lease to the next person on the list. He noted if construction begins within the six month time frame then the lease holder will be able to continue the current practice of sub-leasing to a person of their choice. Mr. Groves stated the lease agreement has been changed to reflect the six month build requirement as well as other small changes pertaining maintenance and sign requirements and adding the City of Edmond as a lessor.

Mayor Naifeh stated she did not feel the protocol adhered to the spirit of fairness. She requested the Airport Board discuss changing the wording as suggested by Mr. Groves at their next meeting.

Mr. Stevens stated he would relay the Mayor's concerns at the next airport board meeting.

Motion by Lamb, seconded by Miller, to approve General Consent Item 3.A.(4). **Motion carried** as follows:

AYES: Councilmembers Page, Sanford, Lamb and Miller

NAYS: Mayor Naifeh

- 5) Approval of transfer of supplemental appropriations for the Centennial Celebration project - \$21,295
- 6) Approval of transfer of appropriations from the Fire Public Safety Limited Tax Fund to the Fleet Management Fund - \$259,768
- 7) Acceptance of utility easement from Harold D. and Joyce Munson for the FY 2005 Sanitary Sewer project.
- 8) Acceptance of public improvements and maintenance bonds from the following:
 - a) 600 N. Fretz
 - b) 758 and 766 Enterprise Drive
 - c) Autumn Ridge
 - d) Southeast corner of 15th Street and Bryant
 - e) Intrust Bank

Motion by Lamb, seconded by Sanford, to approve General Consent Items 3.A.(1-3,5-8). **Motion carried** as follows:

AYES: Mayor Naifeh, Councilmembers Page, Sanford, Lamb and Miller
NAYS: None

B. Approval of Purchases:

- 1) Approval of sole source supplier purchase of Accela velocity hall software and services for online permitting from Accela Permits Plus in the annual estimated amount of \$56,000.
- 2) Award of bid for a Quint apparatus pumper with 75 foot aerial ladder for the Fire Department. Purchasing Manager recommended accepting bid from Midwest Vehicle Professionals in the amount of \$504,768.
- 3) Award of Request for Proposal disposition by the Purchasing Manager for production of the Edmond Convention and Visitors Guidebook for the Edmond Convention and Visitors Bureau from White Peacock Productions.
- 4) Approval of contract with Mercury Associates, Inc. for fleet management consulting services to assist the

Vehicle Maintenance Division with conducting a managed competition for vehicle maintenance fleet services in the amount of \$39,960.

- 5) Approval of bid disposition by the Purchasing Manager of used vehicles and equipment for the Fleet Management Department.
- 6) Approval of engineering contract with Tetra FHC for construction management, inspection services and materials testing for the Fink Park to Hafer Park pedestrian trail project in the amount of \$62,010.
- 7) Approval of agreement with The Small Group to provide architectural and engineering design services for the tennis courts at KickingBird Tennis Center project in the amount of \$26,698.
- 8) Approval of Change Order No. 1 with CGC, LLC for the Safe Routes to School, Phase III decreasing the contract amount by \$69,602.06.
- 9) Approval of Resolution No. 35-06 to program a transportation project for the Kelly Avenue Widening project, Danforth to Coffee Creek.

Motion by Miller, seconded by Page, to approve General Consent Items 3.B.(1-8). **Motion carried** as follows:

AYES: Mayor Naifeh, Councilmembers Page, Sanford, Lamb and Miller
NAYS: None

Motion by Miller, seconded by Page, to recess the City Council meeting in order to convene the Edmond Public Works Authority meeting. **Motion carried** as follows:

AYES: Mayor Naifeh, Councilmembers Page, Sanford, Lamb and Miller
NAYS: None

5. **Public Hearing and Consideration of Special Use Permit and commercial Site Plan approval for Spirit Bank, located on the west side of Boulevard, south of Stonebridge Boulevard (Turner and Company, applicant) Case No. SP060056.** The site contains 39,165 square feet and the building will contain 5,000 square feet. No new driveways are requested since the driveways are interconnecting within the Stonebridge Office Park. No fencing is

required and the lighting plan will continue with the theme started in the Stonebridge development. The building will contain brick veneer on all four sides and 35 parking spaces are provided. The dumpster will be shared between all the businesses. Planning Commission recommended approval.

Motion by Lamb, seconded by Page, to approve Item No. 5. **Motion carried** as follows:

AYES: Mayor Naifeh, Councilmembers Page, Sanford, Lamb
and Miller
NAYS: None

6. Consideration of Resolution No. 36-06 adopting electric rates for the City of Edmond, effective January 1, 2007. Current forecasts for Edmond Electric show a diminishing level of emergency reserves over the next five years with high amounts of borrowing to balance the budget. The possibility of a rate increase was included in the City Manager's five-year budget message in order to negate the necessity of issuing a \$7.1 revenue bond issue to fund capital improvements. Also, Mike Crawford, the City's budget and financial consultant, noted the need to review electric rates during the budget preparation process. The proposed rates provide an annualized 3.9% increase in electric revenue to reduce borrowing and improve reserves. A new summary shows the increase in rates will restore the desired 45 day reserve level. It was noted that operation costs have increased dramatically since July, 2005. In 1992 the rates were changed for the first time since 1981 to establish different winter and summer rates without increasing overall revenue. In 1997 rates were adjusted and overall charges were decreased 2.8% and in 2003 rates were decreased 1.9%. Even with the proposed rates, residential and general service customer's electricity bills will be 10% less than in surrounding cities, with large customers' bills being 8% less. The only exception is the University of Central Oklahoma (UCO) whose rates will be 5% less. The proposed rate increases for each rate class are as follows:

Residential - 4.1%
General Service (small commercial customer) - 5.8%
Power and Light (large commercial customer) - 1.3%
Large Power and Light (UCO is the only customer who qualifies for this rate class - 3.1%

Mayor Naifeh stated she did not feel that approving a rate increase at the last meeting of the year was the appropriate time.

Charles Burgett, Director of Edmond Electric, addressed Council and stated the Edmond Electric is dedicated to providing reliable electric service at competitive rates. He stated they felt this

rate increase was the best way to continue to provide the current level of service. Mr. Burgett explained how the rate increases were determined. He noted the reason for the large increase in the small commercial category was because it costs more to provide electric service to them due to the additional equipment needed. He noted with residential customers they are usually clustered and it takes less equipment to serve each customer individually. Mr. Burgett stated the discount was not being changed and that rates for residential customers will remain 10% below the competition. He noted approximately one year ago OG&E revised their rates and the proposed rates were in line with the amount that OG&E raised their rates.

Councilmember Sanford stated that she has requested what the cost of service is for each category and has not received that information. She stated she felt this information would show how the revenue would be increased to cover the costs of operation. She asked Mr. Burgett to explain the cost of service increases for each category.

Mr. Burgett stated they did not perform a cost analysis of this type since that is a very complex and costly process. He stated the City established a policy stating they were not going to utilize cost of service as the basis for designing their electric rates. He stated the policy is to insure that Edmond Electric rates are lower than the surrounding cities. He noted Edmond Electric would then be required to make it's costs fit into the amount of revenue collected.

Councilmember Sanford stated she felt the City should not rush to approve the new rates and that a study is needed on what the cost of service will be rather than just showing what the percentages of increase will be. She stated she felt the policy that was established in 1997 using percentages as the basis for rates being lower than OG&E is an old and outdated standard and should be discussed more fully. She stated she felt the Council should have a dialogue regarding whether to charge rates based upon percentages or cost of services. She stated she felt Council should also discuss why the funds have been depleted.

Mr. Burgett stated a number of actions have been taken in the past that have resulted in personnel cutbacks, inventory control measures that helped to develop the reserves and then use of the funds reserves to build a new substation and increase the capacity of an existing substation. He stated they also implemented the conversion overhead lines to underground lines in two of the City's older areas. He stated these were management decisions to utilize some of the reserves for those additional projects but they felt these projects were a prudent use of the funds to help assure reliable service for the future.

Councilmember Miller stated the possibility of a rate increase was discussed at the last two Public Works Committee meetings and was also included in the City Manager's budget message. He stated they also received information from both Mr. Stevens and Mr. Burgett on why the reserves were being depleted below the desired 45 day level. He also noted each year more money is taken from the electric fund for general operation costs.

Mayor Naifeh stated she appreciated the quality of life issues that have been completed the past several years. She noted that she preferred not to issue a revenue bond and that more discussion was needed. She stated she felt a rate increase was an important issue and should be placed on the City's website for the public's review. Mayor Naifeh stated she felt this item should be continued for further discussion and public input until February.

Councilmember Page stated Council has been aware that a rate increase was needed as this matter has been discussed during the last two Public Works Committee meetings. He stated the rate increases should not be a surprise to anyone who pays attention to the economy due to how energy costs have increased everywhere in the past several years. He noted there have been several emergencies in the past year that required use of the reserve funds. He stated he is ready to move forward

Councilmember Miller stated the possibility of a rate increase appeared in the local newspaper on November 30th. He stated he felt if the rate increase was really an issue that the public would be present to oppose the rate increases and no one has spoken in opposition. He stated he was opposed to a continuance.

Councilmember Lamb stated because he is on the Oklahoma Municipal Power Authority (OMPA) Board he deals with cost of service studies and they are very expensive to do. Edmond Electric uses OG&E as their benchmark for rates which saves the City of Edmond money by not having to perform their own studies. He noted there have been serious cost increases in materials in the last year which does not take into account the substation issues. He stated OG&E raised their rates last January so the City of Edmond has delayed for a year increasing their rates. Councilmember Lamb stated the City of Edmond has enjoyed low rates and substantial reliability value. He stated the first priority of those surveyed is reliability and second is rates. He stated he felt the Edmond Electric staff has made sound recommendations and he suggested the Council adopt the proposed rates in order to stay within the benchmark of OG&E rates.

Councilmember Sanford stated she will not support the rate increase because she felt the increases are a \$2 million tax increase without a good public hearing process.

Motion by Lamb, seconded by Page, to approve Resolution No. 36-06.
Motion carried as follows:

AYES: Councilmembers Page, Lamb and Miller
NAYS: Mayor Naifeh and Councilmember Sanford

Steve Murdock, City Attorney, addressed Council and stated Items No. 7 and 8 would not be considered.

7. Executive Session to discuss the following pending claim/litigation (Executive Session authorized pursuant to 25 Okla. Stat. Section 307(B)(4)):

Burnett vs. City of Edmond

8. Consideration of action with regard to the above claim of Burnett vs. City of Edmond.

9. NEW BUSINESS:

Mayor Naifeh stated Matt Stillwell, Emergency Management Director, presented a great weather report on Santa's progress.

10. Motion by Lamb, seconded by Miller, to adjourn meeting.
Motion carried as follows:

AYES: Mayor Naifeh, Councilmembers Page, Sanford, Lamb
and Miller
NAYS: None

City Clerk

Mayor