

The City of
Stillwater
OKLAHOMA

STILL PIONEERING



BUDGET IN BRIEF

FY 2015/16 Proposed
Operating & Capital Budgets



STILL PIONEERING

Office of City Manager

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June 01, 2015

Honorable Mayor and City Council:

Presented herewith for your consideration and approval is the recommended Stillwater Municipal Budget for Fiscal Year 2016. This past year has been relatively strong financially; however, the year ended with revenues slightly below original projections. Statewide and area declines in oil/gas activity are being reflected in reduced sales tax and other revenues related to significant mobile population. Although all of the City's revenue sources appear relatively stable, the oil field decline and reduced utility collections due to mild moist weather have resulted in reduced fiscal growth. For Fiscal Year 2016, we are projecting revenues to be equal to or slightly below Fiscal Year 2015 actuals. The budget is therefore prepared and presented with static employee cost allocations and comparatively fewer capital expenditures than the previous two years.

With continuing population growth, the demands on core services also grow. The core services are those directly related to the health, safety and well-being of citizens and visitors. In preparing a recommended budget for your consideration, a first priority is to ensure sustaining quality delivery of core services. Providing water, sewer, solid waste management, electricity, transportation, and public safety are identified among those critical services.

The approach to the budget was to ensure sufficient allocation of resources to fully maintain core service operations. Throughout other service areas, extensive efforts to consolidate operations, share resources, and restructure staffing have made it possible to maintain all other services.

Capital equipment expenditures were carefully scrutinized by the Administration Team and department managers. The proposed budget calls for previously deferred operating capital expenditures with items such as traffic signal replacement, asphalt patch truck, six replacement police patrol units, various trucks for utilities, water and waste water plant repairs, and approximately \$3.5 million for pavement maintenance. Although expenditures of over \$9 million for capital items is good news, it should be kept in mind that the capital equipment needs continue to exist and will put increased pressures on future budgets to regain stability. Any additional new construction, programs, or other projects not included in the operating budgets and special funds projects, will require the identification of new financing and funding arrangements and will be addressed in the capital improvement planning process.

Revenue Overview

For 2015-2016, total revenues (excluding inter-fund transfers and fund balances) are projected to be \$115,098,812. Sales tax revenue for the year is expected to be \$30,300,000. A water and sewer rate increase recommendation will be recommended for FY 2016; however, the rates are being very closely scrutinized to ensure minimal impact to current residential customer rates.

Expenditure Overview

Staff is proposing \$112,898,864 in total expenditures (excluding transfers) for 2015-2016, which is a 2.08% increase from the original current year budget. Total expenditures are allocated as follows:

Where the **COLLEGE** atmosphere and **COWBOY** spirit make everything come **ALIVE**.

* \$93,984,620 for operating expenditures (83.25% of total budget)

* \$10,109,314 for capital expenditures (8.95% of total budget)

* \$ 8,804,930 for debt service (7.80% of total budget)

The proposed budget maintains current authorized staffing levels in most core service areas. Consolidation and reorganization in some areas may result in phasing out some yet to be determined number of positions. The benefits provided to employees remain relatively stable for the coming budget year. The City endeavors to maintain the level of health insurance and wellness benefits for employees and little to no increase to the employee contributions for some health coverage benefits is expected. The proposed budget does not include any provision for inflation or cost of living adjustments for non-represented employees.

The proposed budget continues to maintain a designated fund balance, which includes funds designated for the emergency reserve account and for funds designated by City Council for specific improvement projects. Those designated reserves are to be utilized only by special appropriation by the City Council for conditions deemed by the Council to constitute an emergency to preserve the health, safety, and well-being of the citizens of the community.

Budget Process Summary

Under the provisions of the Oklahoma Municipal Budget Act, a public hearing on the proposed budget is required a minimum of fifteen days prior to the beginning of the fiscal year. The hearing was publicized and was held on Monday, June 1, 2015. The deadline for adoption of the budget by the City Council is a minimum of seven days prior to the beginning of the fiscal year.

This budget is respectfully submitted to be in the best interest of the health, safety, and well-being of the citizens of Stillwater for today and into the future, and to secure the services and facilities to which the community has become accustomed. I recommend the Mayor and City Councilors give their full consideration to the adoption and support of this proposed budget for Fiscal Year 2016 at the June 1, 2015 regularly scheduled City Council meeting.

Thank you for your support, guidance, and consideration.

Sincerely,



Dan Galloway
City Manager

John Bartley
Outgoing Mayor

Joe Weaver
Vice Mayor

Gina Noble
Councilor and Incoming Mayor

Pat Darlington
Councilor

Miguel Najera
Councilor

Dan Galloway
City Manager

Marcy Lamb
CFO

Dan Blankenship
SUA Director

John McClenny
Services Director

Norman McNickle
Public Safety Director

City Government

The City of Stillwater operates under a council-manager system. In this form of government, an elected city council is responsible for setting policy, passing ordinances and approving the City's budget. The mayor chairs meetings, authenticates documents and serves as the ceremonial head of the city. Council appoints the city manager, the city attorney and the municipal judge. As a resident, you are encouraged to be an active participant in local government.

Stillwater at a Glance

- Stillwater's population is estimated to exceed 60,000 in 2017.
- Stillwater's population has grown 16.95% since 2000.
- Stillwater's 30-minute drive-time population is 85,000.
- Stillwater's household count is 18,254; up from 15,752 in 2000.
- 49% of the adult population has a bachelor's degree or higher.
- Stillwater's total area is 28.4 square miles within 27.9 of that land and 0.5 water.
- Stillwater offers 5,000 acres of park land.
- The City is responsible for 400 lane miles of public roads, 50 miles of sidewalks, and 27 bridges within Stillwater.
- The City has approximately 460 miles of water mains and 230 miles of wastewater collection mains.
- Total sales tax paid for purchases within Stillwater city limits is 8.813 percent (effective April 1, 2013). Sales tax is distributed as follows:
 - The City of Stillwater receives 3.5 percent.
 - Payne County receives 0.813 percent (effective April 1, 2013).
 - The State of Oklahoma receives 4.5 percent.
- Stillwater has an Insurance Services Office (ISO) public class rating of 3 on a scale of 1 to 10 with the smaller number providing greater insurance savings.
- General Obligation Bonding Rate is AA- from Standards & Poors.

The City of Stillwater maintains a website to provide information and assistance to the community at large. We are at: stillwater.org.

Still Pioneering

“Still Pioneering” is Stillwater’s new tagline, and we, as the city government, have always worked by this motto as we strive to deliver services and value to our citizens. Still Pioneering reflects the spirit of Stillwater’s heritage and its constant quest for moving forward in education, business, living and city government.

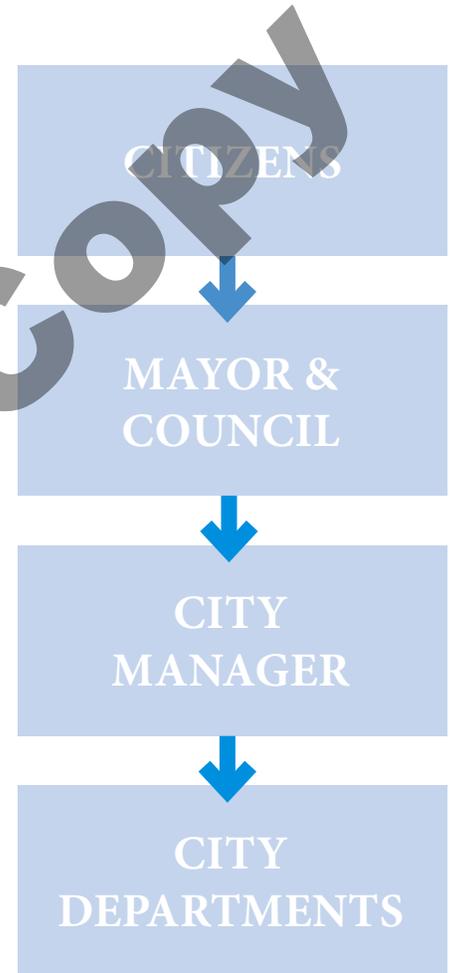
In order to keep moving forward, the City Council holds strategic planning sessions to evaluate and update our City’s priorities. These priorities may slightly change from year to year, but they always aim to articulate the community’s need for safe and livable neighborhoods; a sustainable and vibrant economy; efficient and responsive city services, utilities and infrastructure; and enhanced communications and community engagement.

Why Does the City Prepare a Budget?

A budget serves many purposes, which are listed as follows:

- Provides a flexible working plan for operating the City in the coming year.
- Converts the City’s long- and short-term plans and policies into services and programs.
- Establishes the amount of revenue expected to be available, which sets limitations on the amount of expenditures that can be supported.
- Establishes the costs of providing services and programs.
- Sets priorities to determine how the resources will be allocated among the services and programs our citizens expect and need.
- Provides a benchmark to which actual revenues and expenses can be compared.
- To comply with the Oklahoma Municipal Budget Act, 11 O.S. 17-201.

You are a part of this process. The City encourages comment and participation of residents. Public hearing(s) are held in April-May concerning the proposed budget for the next year. Please contact the City Manager’s Office or visit the website for the specific times of these meetings

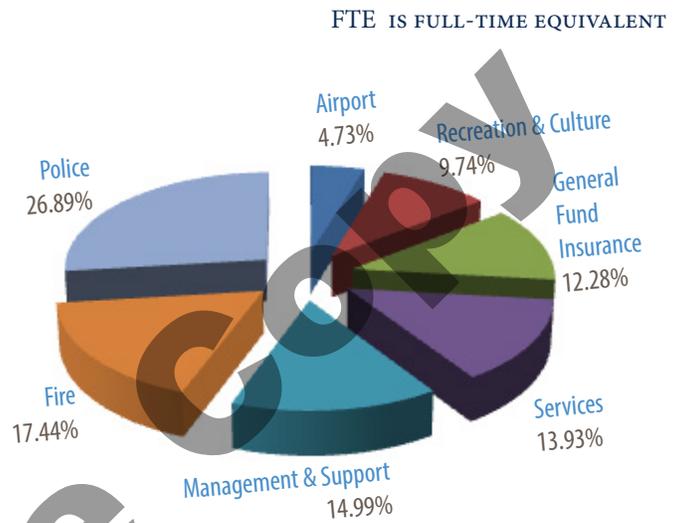


PROPOSED FY16 EXPENDITURES

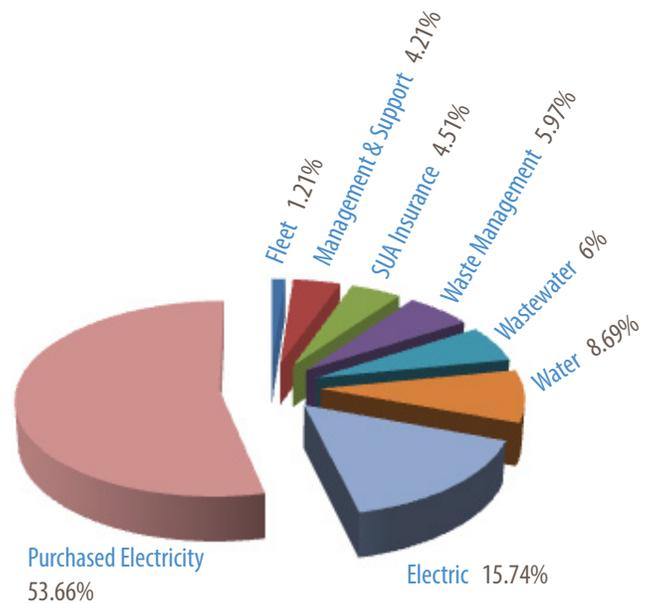
COMBINED GENERAL FUND + SUA EXPENDITURES = \$94,581,474

COMBINED POSITIONS GENERAL FUND + SUA FTEs = 578.25

	POSITIONS (FTEs)	PROPOSED OPERATING BUDGET
General		
Fund: Management and Support:		
City Management	3.00	\$367,581
Information Technology	12.00	\$1,935,048
Human Resources	8.25	\$723,398
Finance	18.00	\$1,308,230
Legal	3.00	\$433,805
General Government	12.00	\$1,338,167
General Fund Insurance		\$5,000,000
Services:		
Development Services	14.00	\$1,141,031
Transportation	5.00	\$759,576
Field Services	47.00	\$3,770,613
Recreation and Culture:		
Parks & Recreation	27.25	\$2,609,479
Library	25.25	\$1,355,644
Police	127.50	\$10,950,385
Fire	76.00	\$7,103,201
Airport	5.75	\$1,925,817
TOTAL CITY	384.00	\$40,721,975



	POSITIONS (FTEs)	PROPOSED OPERATING BUDGET
Stillwater Utilities Authority		
(SUA): Management and Support:		
SUA Administration	1.00	\$772,665
Customer Service	21.25	\$1,292,467
Environmental	2.00	\$203,513
SUA Insurance		\$2,429,120
Fleet	14.00	\$652,250
Waste Management	27.00	\$3,217,412
Electric	60.00	\$8,477,880
Water	46.00	\$4,681,930
Wastewater	23.00	\$3,232,262
Purchased Electricity		\$28,900,000
TOTAL SUA	194.25	\$53,859,499



SUA PROPOSED FY16 EXPENDITURES

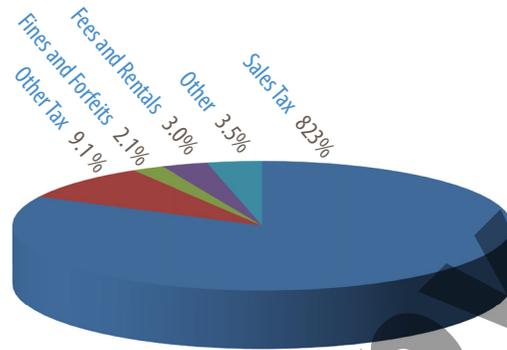
PROPOSED FY16 REVENUE ESTIMATES

GENERAL FUND: PROPOSED REVENUE ESTIMATES (excluding transfers)

Revenues:

Sales Tax	82.3%	\$30,300,000
Other Tax	9.1%	\$3,350,000
Fines and Forfeits	2.1%	\$773,000
Fees & Rentals	3.0%	\$1,100,900
Other	3.5%	\$1,309,950

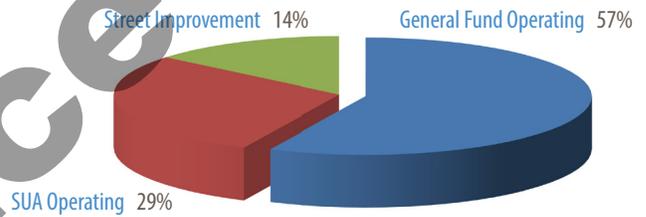
TOTAL GENERAL FUND REVENUE ESTIMATES: \$36,805,350



GENERAL FUND PROPOSED ESTIMATES BUDGETED REVENUES BY SOURCE

PROPOSED CITY SALES TAX REVENUE

The 3.5% sales tax has been and continues to be the City's largest source of recurring revenue. Sales tax revenue projections are prepared using trend analysis. Of the total 3.5% sales tax collected, 1% is transferred to the Stillwater Utilities Authority and 0.5% is transferred to the Transportation Fund.



SALES TAX ALLOCATION

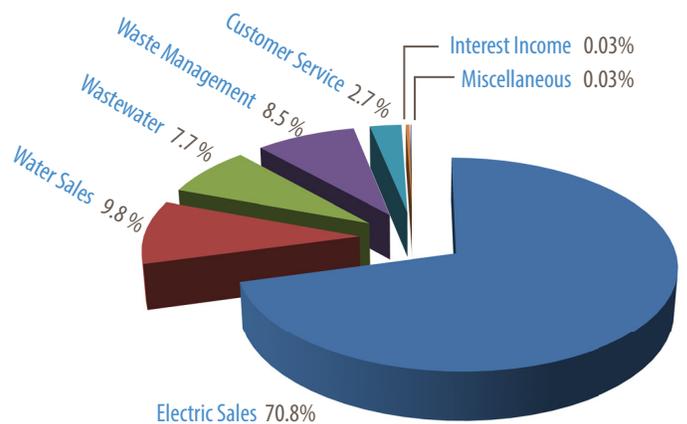
10 YEAR SALES TAX TREND

Fiscal Year Ending 6/30	Amount
2007	\$21,203,119
2008	\$22,402,686
2009	\$22,978,191
2010	\$22,032,236
2011	\$23,017,357
2012	\$23,945,783
2013	\$26,250,096
2014	\$29,274,245
2015 Estimated	\$30,000,000
2016 Projected	\$30,300,000

SUA OPERATING REVENUE ESTIMATE

Electric Sales	70.8%	\$40,276,000
Water Sales	9.8%	\$5,595,100
Wastewater	7.7%	\$4,365,000
Waste Management	8.5%	\$4,835,000
Customer Service	2.7%	\$1,521,000
Interest Income	0.3%	\$170,000
Miscellaneous	0.3%	\$143,501

SUA OPERATING REVENUE ESTIMATE \$56,905,601



SUA FY 16 OPERATING REVENUE ESTIMATE

POSITIONS & SERVICES

PARTIAL LIST OF CITY SERVICES

- Police
- Fire
- Municipal Court
- Emergency Management
- Code Enforcement
- Parks and Recreation
- Public Library
- Golf Course
- Community Center
- Airport
- Street Maintenance
- Development Services
- Environmental Programs
- Water & Wastewater Utilities
- Electric Utility
- Waste Management

The City's Workforce

City of Stillwater employees provide services to more than 47,000 residents over 28 square miles. The FY 2016 budget includes a total of 578 full-time and full-time equivalent positions with a net increase of 1.75 FTEs. Full-time employees have provided an average of 12 years of service to residents, business and visitors.

The chart below represents employees by work areas. Management and Support employees are employees working in areas such as Human Resources, Information Technology, Finance and other areas. The City has recently undergone a large reorganization of multiple divisions to provide increased efficiency and service to the public. This initiative, called Leap Forward, combines cross-training and increased skill sets for employees in the following areas: Field Services, Waste Management, Facilities Maintenance, Water Distribution and Wastewater Collection.

PROPOSED FULL-TIME EQUIVALENTS BY WORK AREA

	POSITIONS (FTES)	
Management and Support	80.50	13.92%
Development Services	14.00	2.42%
Transportation	5.00	0.86%
Operations	114.00	19.71%
Recreation and Culture	52.50	9.09%
Police	127.50	22.05%
Fire	76.00	13.14%
Airport	5.75	0.99%
Fleet	14.00	2.42%
Electric	60.00	10.38%
Water	19.00	3.29%
Wastewater	10.00	1.73%
TOTAL	578.25	100.00%

Services and Opportunities.

The City will continue to change and adapt as an organization because we desire to improve the services we provide to our citizens. Each year, the City Council sets priorities to provide staff with direction for the new fiscal year. Based on this direction, management develops plans to accomplish both short- and long-term goals.

Below is a summary of presentations made April 9, 2015, to City Council addressing services and the necessary funding.

- *Presented by City Manager Dan Galloway* — The **City Manager's Office** serves as the oversight department for all city operations and trusts. It is the central contact point for citizens and people who have business with the City.

General Government includes various service costs, utility costs, and personnel that assists all departments. One requested staff increase is for the **Office of Marketing and Public Relations** to assist with public outreach. The Office also requested funds for a new content management system to build an updated website.

- *Presented by Chief Financial Officer Marcy Lamb* — Under the CFO are the departments of **Finance, Information Technology, Municipal Court, Office of the City Clerk,** and the **Business Improvement District coordinator.**

Finance's major initiative for FY16 is converting to a new software platform called One Solution. It's been 15 years since the City has had a change in its financial software. The increase in budget is mostly due to a reorganization, promotions and the addition of two staff in FY15. Finance had not added staff since FY2001/2002. The large part of Finance's budget includes services and fees, including postage for every city department.

Information Technology maintains 350 desktops, 100 laptops, phones and mobile devices, 50 virtualized servers and 20 remote sites that are connected to a network. Increases in IT's budget are due to maintenance contracts on software, including ones for the police department.

- *Presented by Public Safety Director Norman McNickle* — Under the director is the **Stillwater Regional Airport, Police, Fire, Animal Welfare** and **Emergency Management.**

Stillwater's airport is the fourth busiest in Oklahoma, reaching a record traffic of 60,561 air operations since 2014. Identified capital projects include removal of an obsolete underground tank, repair of runway 22, crack seal and seal-coat the taxiway, and preparation of architectural design for terminal expansion. The airport staff will continue to seek the implementation of scheduled airline services.

Stillwater Police responded to 31,032 calls for service in 2014. The criminal investigations unit was assigned 1,046 cases for detailed follow ups. The records department processed more than 197,000 documents in memorializing police calls for service. **Animal Welfare** responded to 3,600 calls and

housed 2,238 animals. Identified capital includes the purchase of a force simulator and the replacement of eight patrol cars. **Animal Welfare** requests a new incinerator and repairs to the shelter floor and doors. **Emergency Management** needs funds to maintain the rain/stream gauge system and replace numerous closed circuit cameras.

In the first nine months, the **Stillwater Fire Department** responded to 3,285 calls for service. Staff also completed 31,920 of training. No capital items are being requested.

- *Presented by Services Director John McClenny* — Reporting to the services director is **Human Resources, Parks and Recreation, Development Services, Transportation, and Operations.**

Transportation maintains 447 lane miles and 28 bridges. For FY16, it looks to provide pavement management for 50 to 70 lane miles, traffic signal replacements and intersection safety improvements at Hall of Fame and Lakeview.

Human Resources provides employment management, training, management of compensation and benefits and compliance with employment law. Departmental goals include review of the compensation structure and assist with the development and implementation of skills based pay.

Parks and Recreation provides services for the community center, special events, municipal pool, Lakeside Municipal Golf Course, management of capital improvements in parks and management of public private partnerships. Capital improvement requests include replacing the playground at Strickland Park.

Development Services provides for management of planning, development, building code enforcement and grants as well as stormwater management. Goals include implementation of form-based codes, implementation of paperless land use application process and a housing and construction cost analysis.

Operations includes components of both the General Fund and SUA. It combines the maintenance functions of facilities, waste management, water/wastewater, street maintenance/traffic control and park maintenance. The benefits include cross training of employees, opportunities for advancement and elimination of redundancies, for example eliminating 29 vehicles and major equipment and a warehouse. Capital improvement requests include Boomer Lake sundeck flooring and an asphalt patch truck.

- *Presented by the Stillwater Utilities Authority Director Dan Blankenship* — The **Electric Utilities** is responsible for electric distribution, engineering and generation and transmission, including the Power Generation Station. Capital items include two bucket truck replacements, and battery bank replacements in the substations. The top expenditure in the SUA is purchasing electricity. Capital projects for the water and wastewater include new water system components, a water tank mixer, trench shoring equipment, replacing variable frequency drives, lime system replacement design and inspection of the water towers. Wastewater projects include evaluating and designing permanent improvements of the south interceptor. Waste management had no proposed capital, but there were possible additions of solar trash compactors.

PROPOSED CAPITAL EXPENDITURES | FISCAL YEAR 2015-16

General Fund

General Government	\$30,000	Content Management System for Website
Transportation	\$3,375,000	Pavement Management
	\$30,000	Traffic Signal Replacement
Operations	\$25,000	Boomer Lake Sun Deck
	\$165,000	Asphalt Patch Truck for Pavement Management
	\$124,214	Drive Cam
Police	\$92,000	Use of Force Simulator
	\$271,800	Police Fleet 6 Patrol Cars Equipped
	\$12,000	Closed Circuit Camera System — Tower Site
	\$5,000	Animal Shelter Door Replacement
	\$36,100	Flooring at Animal Shelter
	\$58,000	Animal Shelter Incinerator
Total General Fund	\$4,224,114	

SUA

Customer Service	\$24,500	4 x 4 Pickup
	\$21,000	1/2 Ton Pickup
	\$21,000	1/2 Ton Pickup
Electric	\$300,000	30,000 GVWR Truck with 60 ft Aerial Device-Line Service Body
	\$500,000	System Extensions New Construction
Water	\$300,000	New Water System Components
	\$20,000	Tank Mixer For Rural Water Quality
	\$23,700	Trench and Shoring Equipment
	\$400,000	Water Line Construction: Perkins Road (South of 32nd)
	\$90,000	Water Treatment Plant Pump Building Replace 2 Variable Frequency Drives
	\$500,000	Water Treatment Plant Lime Feed Replacement System Design
	\$320,000	Inspection and Evaluation of 9 Water Storage Tanks
Wastewater	\$200,000	Wastewater Treatment Plant Digester Replacement Evaluation and Design
	\$150,000	South Sewer Interceptor Evaluation and Design (Zone A-B)
Total SUA	\$2,870,200	

Airport	\$15,000	Remove Closed Underground Tank
	\$96,000	Terminal Expansion Architectural Design
Total Airport	\$111,000	

Transportation Fee Fund	\$50,000	Project PW0F01 6th and Perkins Road — ODOT non-participating items
	\$100,000	Corridor Signal Timing Plans — 6th, Perkins, other major corridors
Total Transportation Fee	\$150,000	

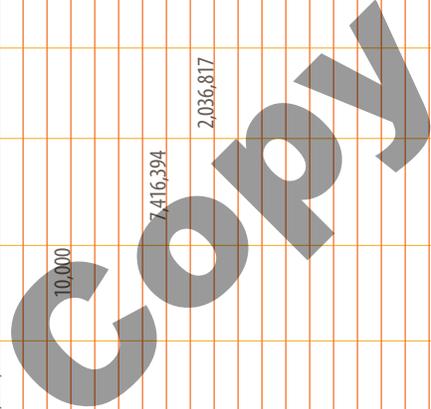
Transportation Improvement Fund	\$2,664,000	Western Road Construction
Stormwater Fund	\$45,000	Mini Track Excavator
Rural Fire Fund	\$35,000	Passenger Van — Replaces 2 Expeditions

Total Proposed Capital Expenditures	\$10,099,314	
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CITY OF STILLWATER OKLAHOMA NOTICE OF BUDGET HEARING FOR FISCAL YEAR 2016

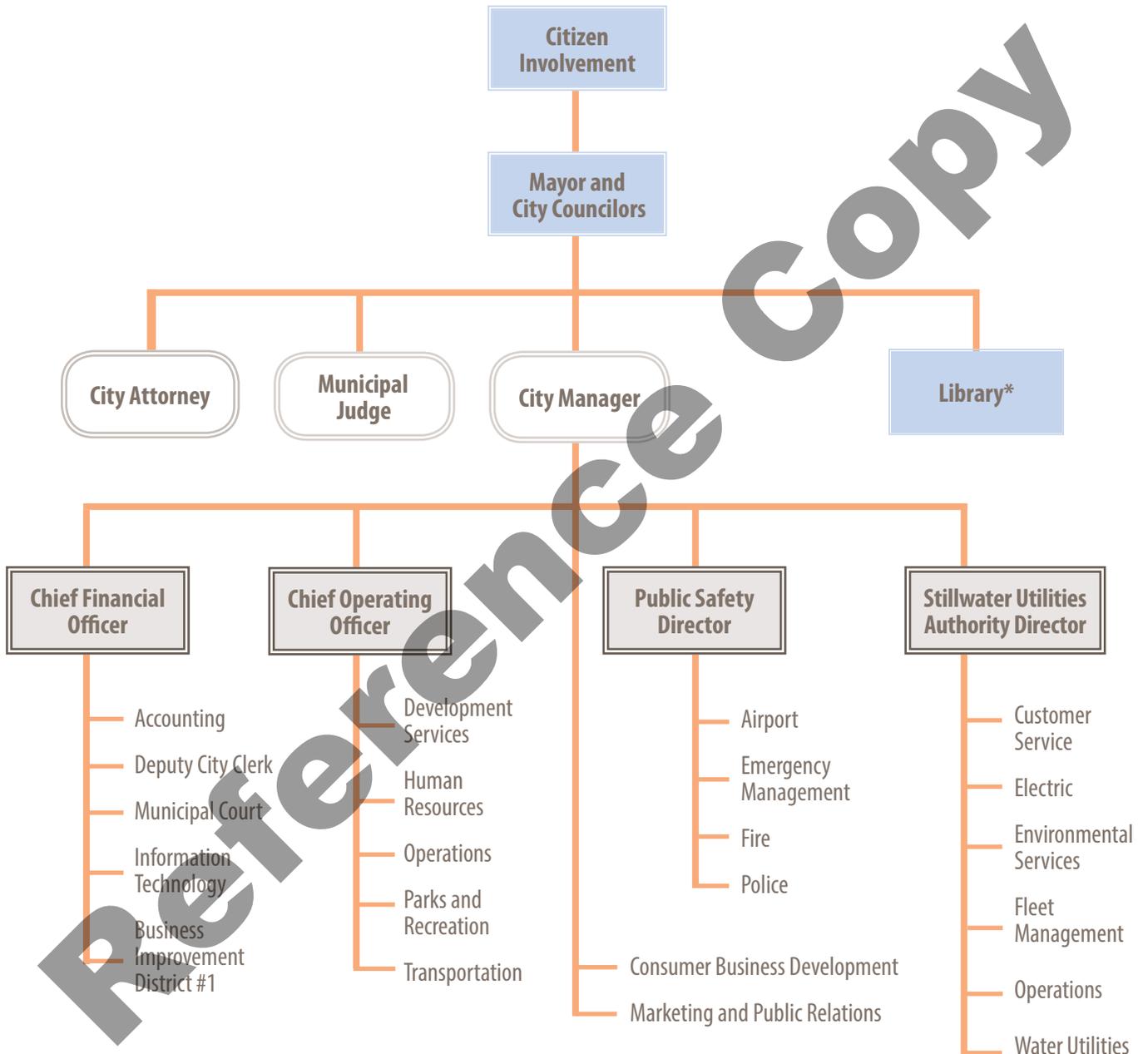
A public hearing concerning the proposed 2015/2016 budget for the City of Stillwater, Stillwater Utilities Authority, Stillwater Public Works Authority, and Stillwater Economic Development Authority will be held Monday, May 18, 2015. The hearing will be conducted at the Municipal Building, 723 S. Lewis, during the regular City Council meeting that begins at 5:30 p.m. and is televised on Suddenlink 23, AT&T UVerse 99 and via live webcast. The meeting is open to the public and all citizens will have the opportunity to provide written or oral input regarding the proposed budget. Speaker request forms will be available prior to the meeting at City Hall and online at stillwater.org.

	General Fund	Debt Service Fund	Tourism & Convention Fund	Rural Fire	CDBG Grants	Parks Grants	Comm Dev Rehab	Stormwater Management	Transp Fee	Park Donations	Transp Fund	GM Koch Donation	Self Insurance	Airport	SPWA	SEDA	SUA	TOTAL
RESOURCES																		
Beginning Fund Balance	\$2,654,122	\$362,328	\$719,844	\$289,262	\$0	\$1,039	\$18,043	\$83,571	\$235,915	\$71,831	\$640,165	\$48,453	\$1,587,471	\$396,609	\$103,887	\$1,535,120	\$38,511,919	\$47,259,579
Sales Tax	30,300,000																	30,300,000
Use Tax	1,020,000																	1,020,000
Other Tax	2,330,000	1,050,000	800,000													0		4,180,000
Grants	49,100				0	0	0											49,100
Fines and Forfeits	773,000																	773,000
Fees and Rental	303,300			115,000					155,000	0				1,499,350				2,072,650
Parks & Rec Activity Fees	796,800																	796,800
Interest	62,875			0				0			0	200		1,500	0	250	170,000	234,825
Ambulance	800																	800
Licenses & Permits	255,100																	255,100
Other	914,375							270,000		23,800			1,236,155	5,100	0	168,300	1,343,501	3,691,231
Electric																		
Water																		
Wastewater																		
Waste Management																		
Customer Service																		
Transfers In	14,547,617							162,297			4,328,571		5,592,768	185,761				44,594,206
TOTAL RESOURCES	\$54,007,089	\$1,412,328	\$1,519,844	\$404,262	\$0	\$1,039	\$18,043	\$515,868	\$300,915	\$95,631	\$4,968,736	\$48,653	\$8,416,394	\$2,088,320	\$103,887	\$3,238,430	\$172,302,155	\$199,531,594
EXPENDITURES																		
City Manager	\$380,307																	\$380,307
Information Technology	1,935,048																	1,935,048
Human Resources	742,759																	742,759
Finance	1,308,230	979,200																2,287,430
Development Services	1,141,032																	1,141,032
Transportation	4,164,577								300,000		2,781,537							7,246,114
Operations	3,989,253																	3,989,253
Parks, Events and Recreation	2,609,480									85,631								2,695,111
Police	11,426,013																	11,436,013
Fire	7,103,181			200,873														7,304,054
Library	1,355,644																	1,355,644
Legal	433,805																	433,805
General Government	1,356,639														0	1,835,751		10,608,784
Stormwater								470,928										470,928
Airport														2,036,817				2,036,817
Environmental Services																	203,513	203,513
Administration																	772,665	772,665
Customer Service																	1,358,967	1,358,967
Electric																	41,210,256	41,210,256
Water					0												6,991,948	6,991,948
Wastewater																	3,652,279	3,652,279
Waste Management																	3,217,413	3,217,413
Fleet																	652,250	652,250
Transportation Debt																	1,954,844	1,954,844
Indirect/Direct	(1,195,010)							13,537						3,103			0	(1,178,370)
Transfers Out	17,256,131	186,829	1,231,259					31,403			2,173,886		0	48,400	0	28,267	16,217,028	37,173,203
TOTAL EXPENDITURES	\$54,007,089	\$1,166,029	\$1,231,259	\$200,873	\$0	\$0	\$0	\$515,868	\$300,000	\$85,631	\$4,955,423	\$10,000	\$8,416,394	\$2,088,320	\$0	\$1,864,018	\$76,231,163	\$150,072,067
Ending Fund Balance	\$0	\$246,299	\$288,585	\$203,389	\$0	\$1,039	\$18,043	\$0	\$90,915	\$10,000	\$13,313	\$38,653	\$1,000,000	\$0	\$103,887	\$1,374,412	\$46,070,992	\$49,459,577



CITY ADMINISTRATION ORGANIZATION CHART

As of June 30, 2014



* As provided in Section 3-6 of the Stillwater City Charter, the Library Board has supervision and control of the public library including appointment of the Library Director and setting policies for the administration of the Library.

Reference Copy

The City of
Stillwater
OKLAHOMA



Where the **COLLEGE**
atmosphere and **COWBOY** spirit
make everything come **ALIVE.**

STILL PIONEERING

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cityofstillwater



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