

Yukon City Council Minutes
March 29, 2016 - Special Meeting

The meeting was called to order by Mayor Alberts.

ROLL CALL: (Present) John Alberts, Mayor
 Richard Russell, Vice Mayor
 Michael McEachern, Council Member
 Earline Smaistrila, Council Member
 Donna Yanda, Council Member

Also present: Tammy DeSpain, Acting City Manager; Mike Segler, City Attorney; Robbie Williams, City Engineer; Gary Cooper, Information Tech. Director; Arnold Adams, Public Works Director; Philip Merry, Acting City Treasurer; Terri Peak, Utility Billing Supervisor; Jenna Roberson, Public Information Officer; Dana Deckard, Administrative Assistant

1. Consider a motion to recess as Yukon City Council and convene into Executive Session to discuss a pending investigation, claim, or action with the City Attorney, as provided for in 25 OS 2003, Section 307 (B)(4)

The motion to recess as Yukon City Council and convene into Executive Session, to discuss a pending investigation, claim, or action with the City Attorney, as provided for in 25 OS 2003, Section 307 (B)(4), was made by Council Member McEachern and seconded by Council Member Yanda.

The vote:

AYES: Yanda, Russell, Smaistrila, Alberts, McEachern

NAYS: None

VOTE: 5-0

MOTION CARRIED

The Mayor invited the Ms. DeSpain, Mr. Segler, Jim Crosby, Frank Crawford, and Tony Puckett to the Executive Session.

2. Consider a motion to adjourn from Executive Session and reconvene as Yukon City Council

The motion to adjourn from Executive Session and reconvene as Yukon City Council, was made by Council Member McEachern and seconded by Council Member Russell.

The vote:

AYES: Russell, McEachern, Smaistrila, Yanda, Alberts

NAYS: None

VOTE: 5-0

MOTION CARRIED

Mayor Alberts then read the minutes of the Executive Session, stating "While in executive session, only the items on the agenda were discussed, no action was taken, and no votes were cast."

3. Statement from the Mayor regarding the financial status of the City of Yukon

Mayor Alberts read a prepared statement, the text of which is attached below.

4. Consider approving Ordinance No. 1335, an Ordinance which provides amendment to the Code of Ordinances of the City of Yukon, Oklahoma by amending Section 114-34 by providing for future increases in fees for water service and declaring an emergency.

The motion to table consideration of Ordinance No. 1335, an Ordinance which provides amendment to the Code of Ordinances of the City of Yukon, Oklahoma by amending Section 114-34 by providing for future increases in fees for water service and declaring an emergency, until the April 5th, 2016 Council meeting, was made by Council Member Russell and seconded by Council Member Yanda.

Council Member Russell commented that he needed more understanding of the proposal before voting. Council Member Yanda also said she would like to study the proposal further.

The vote:

AYES: Smaistrla, Alberts, Russell, McEachern, Yanda

NAYS: None

VOTE: 5-0

MOTION CARRIED

5. **Consider approving Ordinance No. 1336, an Ordinance which provides amendment to the Code of Ordinances of the City of Yukon, Oklahoma by amending Section 114-35 by providing for sanitary sewer rates for use and maintenance of the Sanitary Sewer System and declaring an emergency.**

The motion to approve Ordinance No. 1336, an Ordinance which provides amendment to the Code of Ordinances of the City of Yukon, Oklahoma by amending Section 114-35 by providing for sanitary sewer rates for use and maintenance of the Sanitary Sewer System and declaring an emergency, was made by Council Member Russell and seconded by Council Member Smaistrla.

Mayor Alberts invited public comments. Bill Bedoe of 128 W. Olympic asked why Council would table the first Ordinance but not the second, stated he felt the water proposal was more fair than the sewer, and that the proposed increases seemed tied to the current financial difficulties. Mayor Alberts asked for Ms. DeSpain to again present the portion of her presentation from the Study Session dealing with the proposed sewer rate increase. Afterward, Mr. Bedoe seemed to be satisfied with the reasons for the proposed increase.

Bill Walker of 1428 Von Elm Place insisted that the additional revenue from the proposed rate increase was going to be used to 'repay the missing money'. Mr. Segler stated that was not the subject at hand. Mayor Alberts offered to discuss with Mr. Walker after the meeting. Mr. Walker continued to demand an answer about 'the missing money', to which Mr. Segler repeatedly clarified that no money is missing, until Mayor Alberts asked Mr. Walker to leave the podium.

The vote:

AYES: McEachern, Russell, Yanda, Alberts, Smaistrla

NAYS: None

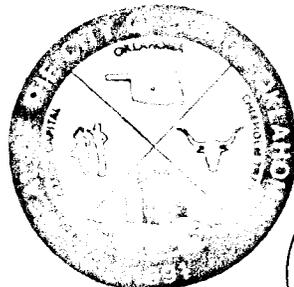
VOTE: 5-0

MOTION CARRIED

6. **Adjournment** Mayor Alberts adjourned the meeting.



Doug Shivers, City Clerk





John Alberts, Mayor



**STATEMENT FROM
MAYOR JOHN ALBERTS
THE CITY OF YUKON**
www.cityofyukonok.gov

March 29, 2016
FOR IMMEDIATE RELEASE

The City has hired an accounting firm that specializes in the governmental accounting and financial reporting environment, specifically municipal finance and budgeting matters. They are currently in the process of determining our financial position and condition at two points in time, one being our current position, and another as of June 30, 2015, which was the date of our most recent financial statement audit.

Information has come to the Council's attention in December 2015 that has caused the council to seek the employment of a forensic accountant to review the City's financial position.

The forensic accountant is currently in the middle of this process. Therefore, the Council is unable to provide any more specifics at this time, other than to say that we now believe that the City is in what we consider to be a deep financial crisis. The financial statement audit has shown a trend of annually incurring more expenses the last four years than what we were earning in revenues, or in other words, spending more money each year than what the City collected.

Fortunately for the City, we had monies saved for these situations, but we are nearing the point where the reserve funds are depleted. The City of Yukon has a reserve account that must equal 25 percent of the previous year's budget. Our Ordinances state these funds are only to be used in emergencies and with approval from City Council.

In October 2015, approximately \$1.3 million was used from capital improvement bond funds to pay for general operating expenses. This requisition was not approved by Council. Capital improvement bond funds are only to be used for capital improvement projects. Money from our reserve account was later used to pay the Corp. of Engineers bill that was originally supposed to be paid by the capital improvement bond funds.

The extent to which the funds have been depleted, and the actions that lead to their depletion, are currently under review by the forensic accountant. As soon as we receive the final review and analysis, a more detailed statement and report will be provided.

We feel that we will need to reissue our audit for the 2015 fiscal year, and because of that, we feel that adjustments will need to be made to the 2016 budget.

The Council has received information regarding some recent purchasing procedures. Per City Ordinances, purchases in excess of \$25,000 must go out for competitive bid, unless under State contract. According to our research, City Employees were directed to recommend several purchases over \$25,000 without any competitive bids. An example is a \$600,000 purchase, which was spent on poly carts manufactured in Canada.

This information is currently being compiled. Once it is finished, the information will be provided to the District Attorney's office for their review.

We would like to add that our recent water and sewer rate evaluation has nothing to do with the problems with our budget. Our water and sewer rates were changed from Summer and Winter rates to a single rate in October 2015. The change to a single rate does not equal our cost to provide water and sewer and services.

Our finances have serious problems, but we are determined to do the right thing for the City and get to the bottom of the problem. Our citizens deserve to know what is happening. We are committed to our citizens and we will be transparent throughout this process, sharing information as it becomes available.

We will have to take some drastic measures, but we believe Yukon will not only endure, but come out stronger. We love our City and are proud to serve Yukon.

City Council is continuing to investigate our financial condition, and more information will be released as the investigation continues.

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