



WATONGA PUBLIC WORKS AUTHORITY MINUTES FOR JULY 20, 2021

In accordance with the Oklahoma Open Meeting Law, this Agenda was posted July 16, 2021 Prior to 5:00 PM. at the Watonga City Hall, on the door of the City Clerk's Office, located at 117 North Weigle, Watonga, Oklahoma.

The Watonga Public Works Authority (PWA) of Watonga did meet immediately following Watonga City Council Meeting at 6:00 PM on Tuesday, July 20, 2021 in the Council Chamber of Watonga City Hall, located at 117 North Weigle, Watonga, Oklahoma, for a scheduled meeting.

Council Present: Travis Bradt, Allen Cowan, Lindsey Doyel, Ladina Willis and Mayor Bill Seitter. Also present, City Manger Larry Mitchell, City Attorney Jared Harrison, and City Clerk Verlen Bills.

Declaration of a Quorum: At 8:06 PM.

AGENDA

1. **Approve the minutes** of the previous PWA Meeting held June 16, 2021.

Motion to approve the minutes of the previous PWA Meeting held June 16, 2021 was made by Lindsey Doyel and seconded by Ladina Willis.

Mayor Seitter, hearing no further comment, called for a vote;

T. Bradt aye A. Cowan aye L. Doyel aye L. Willis aye B. Seitter aye

Motion carried.

2. **Review and Accept** the list of claims against PWA for the month of June 2021.

Motion to approve the list of claims against the PWA for the month of June 2021 was made by Allen Cowan and seconded by Lindsey Doyel.

Mayor Seitter, hearing no further comment, called for a vote;

T. Bradt aye A. Cowan aye L. Doyel aye L. Willis aye B. Seitter aye

Motion carried.

3. **Consideration, Discussion and Action:** To affirm the City Manger's agreement with the Engineering Firm Altamira-US, LLC for work required by the Oklahoma Department of Environmental Quality (DEQ) and the Environmental Protection Agency (EPA) to cleanup and remove the old Storage Tanks located at 201 E. Main Street in Watonga.

Mr. Mitchell: We were allowed until next Tuesday July 27 to submit a report. There was a crew at the location last week collecting soil and water samples. Then we will get a report filed with the Corporation Commission. I think we should meet the deadline for this report.

This was one of twelve sites in Blaine County that the Corporation Commission was working on. We only had 20 days to respond when we received the letter from the Corporation Commission. From talking with others, I think the E.P.A. is putting some pressure on the State Corporation Commission. This letter actually came out before they had the first test results. At any rate, we had to move quickly on this to avoid fines and penalties and I think we will qualify for assistance because we did respond in a timely manner.

I have signed an agreement with the Engineering Firm Altamira-US to get this project started. So, I am asking for the Council's endorsement of this agreement.

We did get a letter from the Corporation Commission that says we are now eligible for cost reimbursement. We hope, ninety nine percent of the cost for this site cleanup will be paid for.

Mayor Seitter asked for clarity, we are eligible for cost reimbursement, but not approved?

Mr. Mitchell: We will probably not get approved until all the reports are submitted.

Airport Manager Jena Ohman noted, we may be looking at a similar issue at the Airport. There was a gentleman there asking about the old storage tanks there. I think they are trying to track down the rightful owners.

Mayor Seitter noted, the Greenfield Memories group is going through this same thing.

Mr. Bradt: Did we file for an extension?

Mr. Mitchell: The Engineer has done so. I think as long we show progress they will work with us.

Ms. Willis: Because you hired the Engineering Firm we are in a good position?

Mayor Seitter and Mr. Mitchell both noted, if the Council endorses the agreement.

Travis Bradt made the motion To affirm the City Manger's agreement with the Engineering Firm Altamira-US, LLC for work required by the Oklahoma Department of Environmental Quality and the Environmental Protection Agency to cleanup and remove the old Storage Tanks located at 201 E. Main Street in Watonga. Motion was seconded by Lindsey Doyel.

Mayor Seitter, hearing no further comment, called for a vote;

T. Bradt aye A. Cowan aye L. Doyel aye L. Willis aye B. Seitter aye

Motion carried.

4. **Consideration, Discussion and Action:** To approve a Budget Amendment for the Light and Water Departmental for upgrades to the Watonga Electrical Substation as recommended by OG&E and OMPA.

Mr. Mitchell: In the memo I tried to summarize what we've been discussing with Oklahoma Gas and Electric (OG&E) and the Oklahoma Municipal Power Authority (OMPA). Light & Water Superintendent Warren Rice will give you the details in a minute.

Essentially, what we are proposing is, OG&E has asked us to do some significant upgrades to our substation to increase our ability to handle the additional electrical loads required from our larger commercial customers, primarily the new Casino / Hotel and the grow house. In order to do that, OMPA is recommending the City purchase some equipment. Their estimate, in your packet, is about \$155,000 to upgrade the substation and support the work that OG&E has agreed to.

Also in the Memo I noted, currently in our budget, we had appropriated \$103,000 for sub-station upgrades. This does not include the \$50,000 that was allocated to OMPA to do the line service work. If we decided to use all of that money, we would only need an additional \$12,000.

Another source of funding would be to delay the Dewatering Project at the Treatment Plant. But that is also badly needed.

I think the Council just needs to consider doing a budget amendment for \$50,000 so that we do not have to defer any other planned capital improvements. Considering the cooperation we are getting from OG&E and OMPA at this time, we need to try and work with them and show our commitment to this project.

Mr. Rice described what OG&E has already done to handle the extra load that we are putting on them. OG&E is concerned about the two aging lines feeding their substation that need to be rebuilt. They also want to do some more work inside our substation and add metering equipment. We do not have the resources to do this type of work. That is where OMPA will come in to help us.

Mr. Rice continued to explain, part of this upgrade will include four new replacement re-closers (big breakers) that can report problems and situations via a computer. There will also be a spare in waiting.

They will be doing most of this work while the sub-station is live. There may be one time they need to shut down everything for just a few minutes.

When it is done, we will be able to do all of our switching from the ground with hot sticks. It will be really nice when it all gets done, but OMPA and OG&E will be doing the work. The City just does not have the tools and resources to do this type of work.

Mr. Rice continues: We are currently handling the electrical loads being asked for, but the equipment in the sub-station is getting old and troublesome. At the moment, my main concern is the lines going out from the sub-station to serve the loads like the Hotel / Casino and the grow house. They are pulling considerable amperage.

Mr. Rice reported that the Hotel / Casino actually want to set another transformer for three phase service. I am not sure we can do this, the amount of service they will use makes it difficult to justify the expense of a three phase line that distance. And there are other complications getting a line to them and where they want it installed to.

Mr. Rice, but back to the sub-station, I think this is what has been needed for some time.

Mayor Seitter: This substation upgrade will alleviate a lot of the issues and problems for the City overall?

Mr. Rice: Correct. It may not solve all the problems but it will keep from losing power to the whole town when there is a local problem on just one circuit. Also, in the past we could have a minor problem cause power out to the whole town and have to wait for several hours for OG&E to arrive to turn their circuit back on. These upgrades should fix some of these problems.

Ms. Willis asked, is this going to help bring more businesses to Watonga?

Mr. Rice: Yes, depending on the location we may need to install larger wiring to handle a large load... (But we will have the sub-station to handle the load.)

Mr. Cowan: This sounds like infrastructure that is very much needed and has been for some time and we should take advantage of the offer from OG&E and OMPA to help us with this. I think it would be a mistake not to take advantage of this assistance.

Mr. Mitchell: The reason for the budget amendment is the list of equipment that OMPA has priced out to us. I need Council approval for the budget amendment to authorize the equipment purchase.

Mayor Seitter asked, does this include the labor to install this equipment?

Mr. Rice: It does include the labor, but there are a few details to work out. There was some minor repairs I had started on earlier and I was hoping that they could finish for me.

Mr. Mitchell: Or, OMPA may finish the work under our agreement for line work. My estimate is for \$50,000 so that we have the flexibility to get everything done that is needed. We may not need all of that money but we need this in the budget to be available.

Mr. Rice discussed the amount of electricity we are providing at this time. It was estimated that we are running at about 70 percent of our capacity. OG&E had concerns that this would go higher and that is why they have combined the two lines used to feed Watonga. He explained what he might need to do in the near term to help balance the loads.

Mayor Seitter: You estimated that we are at 8,000 kVA? What is our total capacity?

Mr. Rice: I am not sure I can explain that in lay terms.

Mr. Mitchell: We had a meeting with OG&E and talked to their engineer. He was very concerned. He suggested that if the Hotel / Casino gets fully opened and had a lot of activity that they could cause a brownout for the community. He thought we were that close to capacity.

There was discussion of the load from the grow house. Mr. Rice allowed that we have not seen much additional load from them lately. That could change as the weather warms up. The power outage on Wednesday was caused by a wiring error on one of their main panels.

Mayor Seitter asked Mr. Mitchell to confirm what was needed.

Mr. Mitchell: I would like Council to consider a motion to approve a budget amendment for \$50,000 for the purpose of purchasing additional equipment to upgrade our electrical substation and that purchase will be made to OMPA.

Alan Cowan made the motion to approve a budget amendment for an additional \$50,000 to the Light and Water Fund. Motion was seconded by Ladina Willis. Mayor Seitter, hearing no further comment, called for a vote;
T. Bradt aye A. Cowan aye L. Doyel aye L. Willis aye B. Seitter aye
Motion carried.

Mr. Mitchell noted, this will be a considerable improvement over Mr. Rice dragging an extension cord around town.

5. **Consideration, Discussion and Action:** For Skylar's Green Grow House; to make the temporary rate of 7.4 cents per Kilowatt Hour, that was set in January 2021, a permanent rate for Skylar's Green Grow House, with an additional 3 percent rate increase that was included as part of the 2021 – 22 Budget.

Mr. Mitchell: We are currently working with a temporary agreement for the utility rate. We are asking that you make that rate permanent with the addition of the 3% rate increase that was imposed in the 2021 – 2022 Estimate of Needs passed the previous Council Meeting.

Mayor Seitter: The grow house is meeting our policy for very large commercial users?

Mr. Mitchell confirmed yes they are. We did set that policy for the Hotel / Casino but they have not asked to take advantage of it yet so they are paying the regular commercial rates for electricity.

Mr. Cowan asked, what is our profitability at this rate.

Mr. Mitchell: I think it is about 40% for this discounted rate. We are making 40% of the 7.4 cents.

Mr. Cowan made the motion to make the temporary rate of 7.4 cents per Kilowatt Hour, that was set in January 2021 for Skylar's Green Grow House, a permanent rate with the additional 3% that was imposed with the 2021 -2021 Budget. Motion was seconded by Ladina Willis.

Mayor Seitter, hearing no further comment, called for a vote;
T. Bradt aye A. Cowan aye L. Doyel aye L. Willis aye B. Seitter aye
Motion carried.

6. **Consideration, Discussion;** As requested by City Attorney Jared Harrison, a letter from Mercy Hospital concerning the legal and financial aspects of the Lease Agreement with Mercy Hospital.

City Attorney Jared Harrison: I needed to get this letter out to the Council. We have been working on this since I've been Watonga's City Attorney.

The big question has been the one cent sales tax, when passed, it was supposed to be set aside for certain things, to include the capital improvement obligations of the Authority. But, in that same paragraph, it also says, in addition to the capital improvements, it can be used to offset operating loss. So that's where this letter comes in. I have not seen an actual budget or balance statement from Mercy Hospital, but they say that last year was the first year the Hospital made a profit so we used all the one cent to offset operating losses. Now they are asking to proceed with the CT project.

I still do not know that I agree with the fact that the City is required to do this project. But, at the same time, I know having Hospital in small town in rural Oklahoma is a big deal. So now it gets put on the Council, since you are the policymakers for the City, I will do what I can to carry out your wishes. As the Hospital seems to be improving their financial situation, we may be able to work some kind of deal. We need to see that the one cent is getting set aside for capital projects.

Mayor Seitter: I've got two comments. Mr. Bradt and I had a discussion at one time with the Hospital Administrator Bobby Stitt. If I understood correctly, one of the things he said in that discussion was that Mercy was taking any profits, and putting that into facilities to provide more services for Watonga. That makes it look like there was not any profit. That was a conversation from a long time ago and it was my understanding of what Mr. Stitt was saying.

Mayor Seitter and Mr. Harrison discussed this some and determined that profit and loss from this type of thing would be a wash at least it could show that way on paper.

Mayor Seitter: My reason for stating this is just to keep in mind, we have never seen a proper financial statement from Mercy Hospital.

Mayor Seitter: My second comment, about the project itself, we have not seen any plans, nor itemized list of materials although we asked for both. Mercy Hospital wants us to do a project at our facility and we are to pay for it with no plans and no materials list. I question the \$26,000 we have paid the Architect. I have also learned, since then, that it does not require just specific contractors or architects to do hospital projects.

Mr. Bradt noted, we were obviously being misled.

Discussion incurred about the mishandling of the CT Project.

Mr. Harrison agreed, would you build a house without seeing a set of plans?

Mr. Bradt asked, if Mercy Hospital did come back with proper plans and and other documentation we would be back to this point? We would be deciding at that time?

Mayor Seitter: Our budget for this year is spent. Mercy has been working on this project for two years, I think another year would not be a serious concern.

City Treasurer Rodney Jacks noted that there is \$100,000 in Huff Lorang royalties that is designated for the Hospital. Mr. Jacks explained where and why this money was there.

Mr. Harrison thought we should look at the Will again that designated how that money was allocated.

There was more discussion about mineral royalties and where the City aligns with it.

Mr Cowan asked of Mr. Harrison, you think we are obligated to the Hospital for this?

Mr. Harrison: No, the City is not obligated for such a project. The City could be obligated for smaller projects under \$50,000. But the lease agreement does not say anything about larger projects. How can we be obligated for something that is not in the agreement?

But the City still needs to help do what it can for the Hospital, to be a good partner in the Community. Is there an obligation to the community as a whole?

Mr. Mitchell noted that he had suggested to Mercy some kind of cost sharing agreement with the CT Scanner.

There was discussion about the CT Scanner Business. It must be making money.

Mayor Seitter reminded us that EMS Director Josh Boden reported that the main Mercy Hospital in Oklahoma City use truck mounted CT Scanners.

Mr Bradt suggested, it would be much easier to work with Mercy if they were a bit more transparent.

Mr. Harrison: I will respond back to Mercy thanking them for the letter and let them know there are things we still need, a full financial reports for one. In the letter, I will also note, the City is working to see what they can do. The City is open to discussion, but we will need proper documents for the CT Scanner Project.

This is approximately what the letter will say.

Council consensus was agreeable to the letter.

7. **Consideration, Discussion and Action:** To enter into executive session to discuss candidates for the position of City Manager for the City of Watonga, as authorized under Title 25 O. S. 307 § (B)(1).

Mayor Seitter asked the Council if they wanted to do this executive session tonight or wait until the next meeting in two days. We have already been here for 2 hours.

Allen Cowan made the motion to enter into executive session to discuss candidates for the position of City Manager for the City of Watonga, as authorized under Title 25 O. S. 307 § (B)(1). Motion was seconded by Ladina Willis.

Mayor Seitter, hearing no further comment, called for a vote;

T. Bradt aye A. Cowan aye L. Doyel aye L. Willis aye B. Seitter aye

Motion carried at 8:54 PM.

Council did discuss candidates for the position of City Manager.

Mayor Seitter declared the end of executive session and resumed open PWA Meeting at 9:21 PM

8. **Comments:**

(none)

9. **Adjourn:**

Motion to adjourn was made by Travis Bradt and seconded by Ladina Willis.

Mayor Seitter, hearing no further comment, called for a vote;

T. Bradt aye A. Cowan aye L. Doyel aye L. Willis aye B. Seitter aye

Motion carried at 9:22 PM.

Mayor Bill Seitter

City Clerk, Verlen Bills