

**CITY OF KREBS
SPECIAL KUA BOARD MEETING MINUTES
JUNE 12, 2025**

1. MEETING CALLED TO ORDER by Chairman Tommy Ray Walker

- 2. ROLL CALL** by Cindy J. Cooper, City Clerk Chairman Tommy Ray Walker-present
Larry Coxsey- present, Chuck Nelms- present, Sherry DeFrange- present, Dan Heathcock- present

3. DISCUSS THE KUA 2025-2026 FISCAL YEAR BUDGET

Mike Kern Okay. If we will turn to page one that is the salaries and we know we have to put in half of Michaels.

Chuck Nelms, you got Grimes at 50%, is his total salaries 21 or half of his 21

Mike Kern, no, his hourly rate is 21. The 22, that's 1,040 hours. Okay. That make sense?

Chuck Nelms, yep just clarifying it wasn't 40 hours.

Mike Kern, That's okay. That's okay. That's why you need to ask. Otherwise, you don't know. So anyway, this is set up the same way that I did the city side. We look at the people first and then over on page two, the revenues on, and we've talked about this before, but the revenues on the public works authority are not governed by the 90% rule. Okay. This is, like I said, this is called a Title 60 trust. It's the same as a business. What we can do is we can look at what we project for the whole year and then we got to take into consideration, we've already approved that we're going to raise our rates up. I've tried to take that into consideration, tried to,

Chuck Nelms, we've already approved that?

Mike Kern, I think.

Larry Coxsey, it was approved before we got in,

Mike Kern, but we can bring it up and discuss it some more if we need to. But what you'll see is that last page, the page after that, on page three, that's the new fee schedule. And we do this every year and, in the past, it was always, the increase was always started in January.

Chuck Nelms, why do we do that?

Mike Kern, just because last year you did in January, you didn't want to do it too quick. You have too many people gripping.

Chairman Walker, people are used to it.

Mike Kern, but the one thing that you,

Chuck Nelms I'd personally like to keep it in line with the budget. That's my opinion.

Mike Kern, it's worth discussing

Cindy Cooper, do you want that on the agenda to vote on?

Chuck Nelms, I don't know.

Cindy Cooper, you're going to have to make a decision quick because that agenda time is coming up.

Chuck Nelms, What's the rest of the consensus?

Chairman Walker would they have to wait all around until next fiscal year to do it?

Mike Kern, I think what you'd have to do is look at your minutes and see if they have actually approved the rate increase.

Cindy Cooper, for January?

Mike Kern, they did it for January. Did they do it for this coming year. I mean for this budget.

Chuck Nelms, no, it was for January of Last year.

Cindy Cooper, we haven't done it for this year.

Mike Kern Well then you need to put that on the agenda.

Chuck Nelms, What's the rest of Y'all's take on it? Larry, Danny, Sherry,

Sherry DeFrange, I think water bill, sewer bill and garbage, all that's kind of high.

Chuck Nelms, oh, I agree. It's high but...

Mike Kern, don't make the mistake of not doing it. Do Not make that mistake.

Chuck Nelms, you take a hit from, especially when we're looking at doing a water plant grant. You're going to get a hit because you haven't adjusted your rate.

Mike Kern, yes. And what's going to happen is, and I've seen this in other towns and I'm just not being threatening, but I'm just telling you the facts. They will come in and look at your rates and if they think they are not that you're not generating enough money to make that payment, they're going to make you raise your rates anyway.

Larry Coxsey, they talk about that in our training for water.

Chuck Nelms And they're going to raise it hard.

Mike Kern, that's why I look at 5% every year.

Cindy Cooper, we raised them in January, but we had voted on that at last year's budget to raise it to wait and raise it in January.

Sherry DeFrange, right. I said it sounds like a no brainer

Chairman Walker, if you're doing it now then come back to fiscal year and You're doing it twice to them.

Mike Kern you got to do it; you got to do it. You could say July or August, whatever.

Larry Coxsey, with everything that's going on right now, get people ready and they just got the rate and it just went up this January?

Cindy Cooper, yes.

Larry Coxsey, I'd hate to jump right back on it and do it again.

Mike Kern that's The reason we always made it in January.

Larry Coxsey, it is what it is, but it's like I said, there's a lot been going on and kind of give them a little time to settle in after that maybe we could,

Sherry DeFrange I always think about my people, my Renters.

Mike Kern, the one thing that we should talk about is the garbage rate. They're charging us more and more all the time. We need to double check that and see what their contractor is saying and if we need to be raising that rate soon.

Chuck Nelms, are we paying out more than we're getting.

Dan Heathcock, We, when we renewed their contract for five years here, just recently, then we just signed a five-year contract. That it was going to stay that for those five years the way I understood it.

Mike Kern Well we need to look at that

Cindy Cooper, there's no rate increase for the first year and then the four years after that, there'll be an increase if we sign the five-year contract. So, this year they don't get an increase. Jayme did a comparison.

Mike Kern, we still need to discuss it anyway.

Chairman Walker, what are you talking about? Water bill and all this. Like I said, if you see how much money people owe us now. We need to do something to change that because we're what behind 10,000? \$20,000 That's a lot of money.

Mike Kern You need to visit what you're going to do about, what you going to do about cutting people off or something.

Chairman Walker, have a collection agency or something?

Mike Kern, whatever, whatever.

Chairman Walker, then you got a lot of them never paid.

Dan Heathcock. We need that on the agenda, this meeting to go ahead and approve the water and sewer rate increases. Is that correct?

Cindy Cooper, I think they decided to wait.

Chairman Walker, they're going to think they got two.

Cindy Cooper, they're going to wait.

Larry Coxsey, the rate already went up in January that was voted in last year,

Dan Heathcock, we don't need to vote for it now to raise it this next January.

Chuck Nelms, that's normally how it works.

Dan Heathcock your saying wait for the increase until July 1st.

Larry Coxsey, vote on the rate increase to start again January of next year. What I was saying is I think it's a little much to jump it up and increase the rates right now, again,

Mike Kern, Like I say, the one thing area that I see that need to investigate some is the garbage part. Okay. That's the part we that's, you need to look at that one, but look back

Cindy Cooper, we signed a five-year contract with them. So, you can change it?

Chuck Nelms, no, you can't change their rate, you can change what you charge. our rate.

Larry Coxsey, we got to look and make sure we're not paying them more than what we,

Cindy Cooper, Jayme did a comparison of other towns and stuff, didn't you? For the garbage, what the comparison was and stuff,

Mike Kern, That's the proposed one for January 26th. What the USDA likes you to do is look at an average user of 5,000 and that's the way I always set up that schedule. There's a lot of people, if you look at that really carefully, you'll see, and truthfully, council people are concerned about their people, especially elderly people and single people. But if you'll look and see this, lower rates don't go up as fast and that's the reason we do that. Okay. If you go past 5,000, the rates go up a lot quicker because they're wearing out your system. So, they need to pay more. And that's the way I've always structured these for the last 20 years. It doesn't mean that we can't refine it some more and that's okay. But that's the starting point. But if you will please, let's turn back to page two where the actual KUA budget is, and we're talking about the revenues based on some of the theoretically half of the increases, the new fees per year would be something like \$25,000. So, if you'd say, well, we are not going to raise that until January, so at least there should be another \$12,000 increase of dollars. Okay. And we did improve. I think we did vote for an extra dollar on surcharge, if I'm not mistaken.

Cindy Cooper, yes.

Mike Kern Okay. That's why the surcharge is \$19,000, whereas it was \$13,000 this year. It's going to be a little bit more money there. Theoretically, the garbage, like I say, I think we probably are going to have to adjust that one. But anyway, going all the way down on the, well, the total income that we're looking at budgeting for this year is \$1,367,000. Last year was \$1,219,000. What I usually do, just for the sake of numbers, the salaries, going back to the salary worksheet, I always try to do, it looks like we'd be about \$340,000, about \$29,000 for payroll taxes. The key thing on this one is if you look down on line 33, that's capital outlay. That was some of the things that Jonathan had brought up that we needed. So, we put \$151,000 in there. What all was that stuff? I don't remember.

Jonathan Clifton, well, I guess for this year. Yeah, that'd be the aeration brushes.

Mike Kern, That's for this next fiscal year. So, we've got \$151,000 in there or that's what we're putting in for the budget. You're not governed on this budget by anybody because it's like I say, it's a Title 60 trust. It's not a city. Now if you had a loan, if you get a loan from USDA or whoever else, Oklahoma Water Resource Board or whoever they may have in their loan agreement, they may have some stipulations as to certain things so that they can make sure they can get their payment every month. And if you remember me talking about.

Chuck Nelms, and the profit \$9,000 ain't going to make no payment.

Mike Kern, No, no. Not on a water bill. Not on a water plant. No. No, but here's a good thing that I've talked about before. We do have a restricted RD that in those loan agreements, what they say is you have to have on reserve one year's payments. And that's what that \$71,000 CD is. Well, we don't have any more payments, so we can use that \$71,000 set it aside for upcoming payments or whatever, no, to me, we're in a good situation right there.

Jonathan Clifton, do we need a repair fund for this stuff? I mean, it's kind of like a life span, of 15, 20 years. **Mike Kern**, what we're budgeting for repairs and supplies altogether is almost \$300,000.

Jonathan Clifton, I guess you used to have a budget for the water tower to paint it. After 25 years, you're going to have to repaint it.

Mike Kern Well, that would be a capital improvement item

Mike Kern, that's what our budget meetings are about. If you got something that you know need, we need to try to plug it in there.

Chairman Walker, we always had a water tower, sir. You always had a water tower

Mike Kern, Yeah, we still have water tower money.

Chairman Walker is it is under that name.

Dennis Cook How much monies in that water.

Mike Kern There's \$207,000 in the water tower account. So that can be for repairs or whatever. The thing is, you can budget, but you got to be able to fund it.

Chairman Walker, isn't that where the ARPA money was

Cindy Cooper, That's not what's in there now. Right?

Micheal Fulgium Because that's where ARPA money was put, right?

Mike Kern, yeah.

Micheal Fulgium And I just transferred \$120,000 over to pay for the roof from that. So that's not the correct amount right now?

Mike Kern, No. Because you did that in June.

??? Okay. So, 207 minus 120

Mike Kern Now the 84, the special surcharges, again, that's \$84,000 that's sitting there. And every month we're going to have to talk about doing a transfer into that checking account because every bill that comes in does have a surcharge on it.

Micheal Fulgium of a dollar?

Mike Kern, right now it's probably \$2 now dollar because we raised it \$1.

Cindy Cooper, it's going up to two, But right now it's a dollar.

Mike Kern, yes. That's another transfer that we're going to have to make sure we do.

Micheal Fulgium, Yeah, that's done.

Mike Kern, because that special surcharge, is for repairs?

Chuck Nelms when does that go into effect

Micheal Fulgium That's done. I caught it up today.

Chuck Nelms, when's that \$2 going in effect?

Dan Heathcock, July 1st?

Micheal Fulgium when does it go up? July?

Jayme Busby, I think it was July. I thought that got tabled.

Cindy Cooper, did it get tabled?

Jayme Busby, it got tabled. It did not get Approved

Larry Coxsey, along with the other stuff then, didn't it? The other rate you were talking about?

Jayme Busby Yes. It all got tabled,

Mike Kern, well that's something else you need to discuss. I thought it got approved. I stand corrected. But anyway, that surcharge account is for repairs.

Chuck Nelms, was it tabled last month?

Jonathan Clifton What's water purchases

Mike Kern Water Purchases? We don't have water purchases. Oh, well There's one little That's a water permit for using Lake Eufaula.

Jonathan Clifton oh okay they're water rights.

Mike Kern correct. Yes.

Chuck Nelms Okay. So, I'm looking at estimated 12 months of this year versus what we're budgeting for the next year. Several of those are beneath what we've got there. Why did we lower? Like salaries? Salaries were given a three percent raise and it's going down,

Mike Kern, I was trying to get a... But that 340, if you look back at the actual salary, well, I'm going to have to recalculate that one.

Chuck Nelms but We did 357 this year.

Mike Kern, yes, that's what it looks like. Well, one of the things I was trying to do was trying to balance as much as I could get into that capital project account because we needed \$150,000. So, I was trying to maneuver the numbers around a little bit

Chuck Nelms, and like supplies, we spent 136 and we're only going to budget 120. I mean, they're going up not down.

Mike Kern, Yeah, well, it's just like I said, it's like a sudoku puzzle. You change one number one place and you got to change the number the other place. But anyway, we can look at this some more after we get to 12 months. But do look at it right now and then when we get to the actual approval, we can get the final

number. It's up to you guys again. That's my starting point and I'm not offended. If you want to change it, that's fine. I'm just trying to get a number.

Chuck Nelms Well, I mean that's kind where I'm, I mean I'm be a dead horse, but that's kind where I'm at. Maybe we need to look at raising the rates before we profited \$9,000 total and there's way more than nine that we spent versus in this budget from last year. it's not going to go away. I mean, your supply is, you're not going, that's over 9,000 in that one simple number. Yeah.

Mike Kern, well, the big part is the Capital thing that he needs for those things is \$150,000. Now the deal is on that. I don't remember what the, did they give you the projected amount for the whole? Was that for the whole fiscal year for everything you needed or was that just Approved it, right?

Jonathan Clifton Yeah, for the, I guess whole project,

Mike Kern, but when was it all going to get done?

Jonathan Clifton, they had 200 days I guess, for the engineering report and state approval

Mike Kern Once they start,

Jonathan Clifton Right?

Mike Kern They haven't started yet?

Jonathan Clifton The engineers currently working on the report

Mike Kern, Was the \$150,000 enough for the whole project?

Jonathan Clifton, he had called a contractor and it's got a rough estimate.

Chuck Nelms, where they do, the engineer will do an estimated amount. That's what that's

Mike Kern, Well, it's just a starting point. I mean, we got to put something in there because we're going to have to do it,

Chuck Nelms But yeah, it'll probably be mid end of this budget.

Mike Kern, well, the thing that you got to look at, just like we were talking earlier, the general fund, this year we've made money. Okay? It's in black and white. We've made money. If you spend more than you take in, your carryover money's going to be less next year. Therefore, your budget's going to be less next year. So that's what you got to think about. I mean, I can try to budget for a break even, but when it gets all said and done, if we have to spend more, we have to spend more. There's nothing you can do about it. I mean, if a pump Breaks, you got to fix it.

Chuck Nelms Exactly. But if we can try to project it, that's all. I mean, just like you said, it's a business. Yes. You need to not shoot to break even.

Mike Kern, oh, I would like to, but this is dictated totally by the revenue. And you can see revenues. I've got more than what we look like we're going to get for the whole year. But I'm trying to take into consideration some increase for half the year. It's the next.

Chuck Nelms What about if we did split it down the middle, started in September this year, and then next year put it, rotate it on the on the budget of July as the increase.

Larry Coxsey, it wouldn't be as bad. I think might be able to; our people adjust to it a little bit easier.

Chuck Nelms, I Think we need to have coincide with our budget.

Mike Kern, the whole thing is you have to, on the PWA side, you have to try to project those revenues first and then we got to pay the people. Then we need to look at the capital projects and then the rest of it, you can't foresee the repairs. There's no way. And even the supplies, one of the big areas of supply is that Momar for the sewer You got to budget that.

Chuck Nelms, Chemicals and stuff like that are crazy. Crazy. Absolutely crazy. What do you think about doing that, Sherry?

Sherry DeFrange I was going to ask about these past due water bills that they're not going to get collected on are they probably? So why are they getting by with it? Why do some people have to pay their water bill and some people don't have to pay their water bill. That's not fair.

Chuck Nelms, you don't know somebody? I know

Cindy Cooper yeah, not on the council.

Dan Heathcock, I've got some neighbors that I don't know if they ever did the water bill.

Mike Kern, that's what I've got for the budget so far. We have our regular meeting next week and then we'll go from there. And anything that you see in this budget that you would like to discuss changing? I'm all open to it.

Dan Heathcock It will be an agenda to have discussion and action on.

Mike Kern, no, I would just have a discussion because you're not going to approve that the final budget until

Dan Heathcock, no, I'm talking about your contract.

Mike Kenyah. That's different.

Chuck Nelms, That's on council meeting.

Larry Coxsey, thank you for explaining that a lot better.

Dan Heathcock, but that'll be on that agenda for Tuesday, right? For discussion. I know you've got a lot put up with.

Mike Kern, please bring anything you want. Yeah. But that's why I try to get these things ahead of time. Even though we're only through 11 months, but at least we can start trying to pinpoint some areas we may need to work on. Okay. But that's why I tried to get this done earlier.

Dan Heathcock We've got sewer issues. Old southeast side of town may require some money on getting it fixed.

Mike Kern, oh yeah because they are spending to damn much money on chemicals

Jonathan Clifton when I first started. We went through several chemical companies. A Lot of them are terrible.

Cindy Cooper, are we having another budget meeting?

Chuck Nelms is there another budget meeting or is this the last one?

Mike Kern, we will need to talk about that at our meeting next week. If we need to have one more budget meeting before the final. Whatever y'all want to do that. I'm open to whatever. Whatever we need to do, we need to do. You got to beat this thing with a hammer hard.

Cindy Cooper So if we are going to have another meeting, another special budget meeting. If we're not, then we need to vote on it Tuesday.

Mike Kern, no, we don't even to vote. Okay. We can't vote on The Numbers Aren't final yet, right?

Dan Heathcock It's got to be after June. You won't have those final numbers until June 30th. Is that correct? Mike Kern, Correct. So, what we need to maybe look at and y'all talk about it, we have another budget meeting before you have your regular special meeting in July. You may want to do that.

Chuck Nelms Your regular schedule meeting.

Mike Kern, Whichever way you want to do it. It's fine. But you got to close the books first before we can get the final numbers.

Dan Heathcock, so we need to have another budget meeting before the July council meeting. Is that correct?

Mike Kern We probably should is what I would say. It's up to you all though. You choose what you want to do. I'll work with you.

Chuck Nelms, let me ask you this. Just stupid question was, so your letter's effective June 30?

Cindy Cooper, No, July 15th.

Chuck Nelms Oh, okay. Oh, never mind.

Mike Kern, I got to make the July meeting for sure. I got to do the work through June and I have to report in on the July meeting.

Dan Heathcock Okay. We're going to have discussion,

Mike Kern, but if we have one extra budget meeting, I did put it in there. It's an after charge.

Dan Heathcock, we're going to have discussion about your contract. This coming meeting just want to make sure I'm clear

Sherry DeFrange have fun on your fishing Trip. Adjourn.

4. **ADJOURN** **Larry Coxsey makes a motion to adjourn.** Sherry DeFrange seconds. Chairman Walker calls for a vote. Larry Coxsey- yes, Chuck Nelms- yes, Sherry DeFrange- yes, Dan Heathcock- yes.
Motion passed.