

FINANCE COMMITTEE MINUTES

January 20, 2010

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 5:30 p.m. in the Municipal Building Study Session Room on the 20th day of January, 2010, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray and the Norman Public Library at 225 North Webster 48 hours prior to the beginning of the meeting.

PRESENT: Members Dillingham, Ezzell, Quinn, and Chair Cubberley

ABSENT: None

OTHERS PRESENT: Al Atkins, Council Member
Jim Griffith, Council Member
Steve Lewis, City Manager
Anthony Francisco, Finance Director
Suzanne Krohmer, Budget Manager
Ken Komiske, Utilities Director
Charlie Thomas, Capital Projects Engineer
Jeff Bryant, City Attorney
Rebecca Frazier, Assistant City Attorney I

Chair Cubberley told the Committee members there would be a Special Called Finance Committee on Monday, January 25, 2010, at 5:00 pm in the Study Session Room.

DISCUSSION REGARDING THE TRANSFER STATION PROJECT FINANCING

- Transfer Station renovation / expansion projects are out for bid now
- Deadline for bids to be submitted is February 4, 2010
- Budgeted debt financing in FYE 10 for project
- RFP in works for financing services
- Anticipated to be completed and mailed by end of week
- Original estimate of project cost - \$2.6 million
- Revised estimate now \$4 million
- Need for more concrete and flood plain dirt work
- Original floor plan materials cost have increased
- Finance estimating 4% or below for interest rate on 20-year bond
- City does not have to have a 20-year bond – discussed shorter options
- Budgeted annual debt service is \$338,000/year – should be \$400,000 or less/year

Items submitted for the record

1. Capital Project Report, Utilities – 1, Transfer Station Expansion (SA0002) revised October 5, 2009
2. Draft of Notice to Proposers RFP 0910-47 for Sanitation Utility Transfer Station Reconstruction, soliciting responses for firms to provide financing arrangements
Finance Director

DISCUSSION REGARDING CONTINUED REVIEW OF THE WATER, WASTEWATER, AND SANITATION FUNDS AND THE CURRENT NEEDS FOR UTILITY SYSTEMS RATES

- Utility rate increases – different alternatives for citizen’s vote to change rates
 - Set rate compared to other surrounding cities
 - Set rate compared as needed to meet expenditures
 - Set rate based on inflation – consumer pricing index
- Cubberley – should we submit one vote to take care of all utilities rather than one utility at a time
- Have a vote in 1st quarter of FYE 11 – late fall/winter of 2010
- Build in ½% reserve or hedge for the increase - build a cushion for increasing costs
- Consider a stair-stepped rate for 5 years in one vote
- Ezzell – illustrate need to voters with graph showing mean and how funds are falling behind
- ‘Deferred maintenance bubble’
- Can’t afford debt service now
- Cubberley – take out Water Resource Development Act money in Fund Summary – City does not know if they will receive it or not
- Effect on Trust and Charter changes
- Dillingham – educate citizens that a vote for multi-year increase is legal under current Charter
- Committee has asked for rate options for a 5-year increase for all utilities
- Discussed need for 20-year bond or less – what are financing options
- Committee recommends 1 vote for multi-year rate increases

Finance Committee will discuss utility rates again in March 2010 meeting.

Items submitted for the record

1. Memo to Finance Committee from Brenda Hall, City Clerk, dated January 14, 2010, Review of Sanitation, Wastewater and Water Funds, PowerPoint presentations on Sanitation, Wastewater, and Water
2. Memo to Council Finance Committee from Anthony Francisco, Finance Director, dated December 10, 2009, Debt Financing for Facility Maintenance

DISCUSSION REGARDING THE FYE 2010 REVENUE AND EXPENDITURE PROJECTIONS INCLUDING THE MONTHLY REVENUE AND EXPENDITURE REPORT, 2ND QUARTER

- Collections still down
- Big picture for finances not improved
- Committee will discuss financial reports in more detail at the meeting on Monday, January 25th

Items submitted for the record

1. Summary of Major Funds-General; Capital; Westwood; Water; Wastewater; Sewer Maintenance; New Development Excise; Sewer Sales Tax; and Sanitation Fund Revenue Sources vs. Budget, Financial Report for the 2nd Quarter, October 1 through December 31, 2009

DISCUSSION REGARDING REPORT ON OPEN POSITIONS

No discussion on Open Positions report

Items submitted for the record

1. City of Norman/Human Resources Department Recruitment and Selection Report dated December 9, 2009

The meeting adjourned at 6:26 pm.

Cindy Rosenthal, Mayor

Brenda Hall, City Clerk