

FINANCE COMMITTEE MINUTES

May 18, 2011

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met immediately after the Council Study Session scheduled at 5:30 p.m. in the Municipal Building Study Session Room on the 18th day of May, 2011, 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, Quinn, and Chair Cubberley

ABSENT: Member Ezzell

OTHERS PRESENT: Cindy Rosenthal, Mayor
Al Atkins, Council Member
Jim Griffith, Council Member
Steve Lewis, City Manager
Anthony Francisco, Finance Director
Suzanne Krohmer, Budget Manager
Clint Mercer, Chief Accountant
Roger Gallagher, Council Member-elect
Dave Spaulding, Council Member-elect
Jeff Bryant, City Attorney
Kent Ritchie, Major, NPD
Jerry Risenhoover, Citizen
Andrew Knittle, Norman Transcript

DISCUSSION REGARDING ORDINANCES ESTABLISHING OPERATING, CAPITAL, AND DEBT RESERVES

Anthony Francisco discussed and reviewed handout of the draft Ordinance.

- Codifies requirement for a 2% Emergency Reserve allocation in General Fund
- Codifies minimum General Fund balance of 3% of expenditures
- Establishes Net Revenue Stabilization Fund
- Mayor – put “Rainy Day Fund” after Net Revenue Stabilization Fund
- NR Stabilization Fund receives revenue from:
 - Excess General Fund revenue
 - Below-budget expenditure transfers
 - Existing General Fund balance
 - Transfers from other City funds
- General Fund balance requirements must be met before NR Stabilization Fund is funded
- NR Stabilization Fund balance minimum of 4% of General Fund expenditures; 4.5% target; and 6% maximum

- Super-majority vote requirements to appropriate General Fund balance (if NR Stabilization Fund balance requirements are unmet) and/or to appropriate NR Stabilization Fund balance
 - Simple majority votes are required by City Charter – 5 Council members unless a Charter change is needed/wanted
- Codifies requirements for appropriation of NR Stabilization Fund balance:
 - Extraordinary expenses due to disasters declared by President of U.S. or Mayor;
OR
 - GF Operating Reserve Fund balance is projected to fall below 1% of expenditures
OR
 - Extraordinary one-time or capital expenses required for maintenance, construction or improvements of City of Norman buildings or infrastructure
 - Codifies requirement to restore Net Revenue Stabilization Fund balance to at least 3% within two years of any shortfall
 - Codifies requirement to reconcile actual General Fund balance position when CAFR is accepted, and make practicable adjustments to NR Stabilization Fund balance
 - Under GASB 54, General Fund balance would probably be “Unassigned”, and NR Stabilization Fund balance would probably be “Committed”
- NR Stabilization Funds – no appropriated funds, just fund balance
- GASB – “Extraordinary” definition – very rare occurrence – once every 20 years
- These 3 requirements are “permissive” in nature
- Extraordinary disaster vs. expenses
- Put “and” instead of “or” to include Mayor and add Governor
- Atkins – add “existing” City of Norman buildings
- Instead of “extraordinary” use “critical non-programmed”
- Ezzell, by proxy, - 5% revenue decline as an additional requirement
- Dillingham – if revenues decrease so many months - requirement to restore
- Cubberley wants 3 years
- Cubberley – how Emergency Reserve works in tandem with Rainy Day Fund
- Dillingham – move forward with changes
- Committee recommends a study session on Ordinance on June 1st with rest of Council

Items submitted for the record

1. Draft – Proposed Ordinance prepared by Anthony Francisco, Finance Director
2. Summary of Proposed Reserve Policy Ordinance and Financial Data prepared by Anthony Francisco, Finance Director

DISCUSSION REGARDING FUTURE USES OF PUBLIC SAFETY SALES TAX PROCEEDS

- Assign some priorities now, or after surplus declared?
- Want a 6 month set-aside of personnel expenses in case PSST not renewed

- Have updated PSST Committee on capital needs
 - PSST Oversight Committee Members originally wanted funds to be used on land for future fire stations
- Requirements:
 - 6 month reserve/transition funding – start to do this now
 - Use surplus only on one-time capital expenditures,
 - Surplus declaration about May 2012
 - Get Fire Station #9 design complete and construction bid awarded
- Needs:
 - CAD and records management system
 - Fire apparatus/fleet replacements
 - Parking lots needed
 - Fuel monitoring system and generator needs
- Mayor doesn't want to put any criteria on this – criteria is in PSST Ordinance itself
- Council wants staff to identify needs
- Go to vote of people in year 6 of PSST

DISCUSSION REGARDING REVENUE/EXPENDITURE REPORT

No discussion on this item.

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 dated April 30, 2011

DISCUSSION REGARDING REPORT ON OPEN POSITIONS

No discussion on report.

Items submitted for the record

1. City of Norman/Human Resources Department Recruitment and Selection Report dated May 11, 2011

The meeting adjourned at 6:40 p.m.

ATTEST:

City Clerk

Mayor