

FINANCE COMMITTEE MINUTES
June 9, 2016

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 5:00 p.m. in the Municipal Building Study Session Room on the 9th day of June, 2016, 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 24 hours prior to the beginning of the meeting.

PRESENT: Members Castleberry, Lang, and Chair Rosenthal

ABSENT: Member Heiple

OTHERS PRESENT: Lynne Miller, Mayor-elect
 Aleisha Karjala, Council Member
 Steve Lewis, City Manager
 Anthony Francisco, Finance Director
 Suzanne Krohmer, Budget Manager
 Brenda Hall, City Clerk
 Jeff Bryant, City Attorney
 Ronda Guerrero, Municipal Court Clerk
 Shawn O’Leary, Public Works Director
 Greg Hall, Street Superintendent
 Ken Komiske, Utilities Director
 Tim Powers, Information Technology Director
 Rob Gruver, Network Administrator
 Susan Connors, Planning & Community Development Director
 Travis King, Fire Department Chief
 Jud Foster, Parks & Recreation Director

Member Rosenthal called the meeting to order.

Item 1, being

DISCUSSION AND REVIEW OF PROPOSED AMENDMENTS TO THE FYE 2017 CITY OF NORMAN BUDGET AND CAPITAL BUDGET

Anthony Francisco discussed a State Legislative change this past session that states that Driving-Under the Influence cases can no longer be tried in a Municipal Court unless the municipality has a Court of Record. Without a Court of Record, cases must be tried in the County District Court. Council Member Miller asked what would be required for Norman to have a Municipal Court of Record. Ronda Guerrero stated that a full-time Judge and Court Reporter would be required.

Anthony Francisco made presentation and read each of the proposed amendments and the reasoning behind each:

Number 1 came from Council/Finance Committee direction: "I move that projected sales tax revenue in the Norman Forward Capital Fund be decreased by \$149,025." Reason is the Council directed this change, to make Norman Forward sales tax projections consistent with Public Safety Sales Tax projections, by consensus at the April 19th Study Session.

Six proposed amendments are based on City staff recommendations:

Number 2 is "I move that projected Capital Fund expenditures be increased by \$117,667 for a second year allocation for a regional transportation study conducted by the Association of Central Oklahoma Governments". Reason is the City has a multi-year commitment for participation in this study, but no funds were allocated in the proposed 2017 Capital Improvements Budget.

Number 3 is "I move that projected Public Safety Sales Tax revenue from the Norman Public School District be reduced by \$53,897." Reason is this amendment will bring the budgeted revenue in line with the actual amount negotiated with NPS for the 2016-2017 school year.

Number 4 is "I move that HOME program revenue and expenditure allocations in the Community Development Block Grant Fund be increased by \$1,414." Reason is the grant revenue for the HOME program is more than was originally anticipated.

Number 5 is "I move that projected Franchise Fee revenue in the General Fund be increased by \$100,000." Reason is the Oklahoma Natural Gas Franchise rate is increasing, as of July 1, 2016.

Number 6 is "I move that projected Fine and Forfeiture revenue in the General Fund be decreased by \$60,000 due to recently-enacted statutory changes." Reason is new State Statute will require all 'driving-under-the-influence' cases be heard in District Court or Municipal Court of Record.

Number 7 is "I move that grammatical and typographical corrections to the Budget documents, with no financial impact, be made as necessary." This is just general housekeeping.

There were also two proposed actions/motions to make the projected FYE 2017 General Fund revenues exceed projected expenditures. Assuming approval of the actions above, projected FYE 2017 General Fund expenditures would exceed revenues by \$198,669. Discussion was had at the April 19th Council Study Session for staff to present proposals to close this Net Revenue deficit. While no recommendation is made, the following actions are suggested by staff, if this action is to be taken:

Number 1 is "I move that General Fund allocations to the Legal Department be reduced by \$89,990." Reason is this action would reduce funding for a currently-vacant Assistant City Attorney position.

Francisco said making revenue equal expenditures, we are closing that gap. First is the vacant Assistant City Attorney position; second is the FEMA revenue projection increase which is probably above the projection of \$109,000 dollars. These are some things that could be done to

close the gap. Francisco said we are due \$700,000 dollars from FEMA, we are projecting we'll receive some of that amount but not all.

Mayor said Council Member Heiple is opposed to cutting the Assistant City Attorney position, that we put a lot of burden on legal staff and we need to fill the position. Heiple said using some of the reserve makes sense. Castleberry said Member Allison wants to cut the City Assistant Attorney position or hire the person if you need them. Castleberry said if we have a better estimate then we can use the FEMA amount. Lewis said we are being conservative with the estimate. Castleberry said to dig into it and budget realistically. Mayor said I heard you have dug in to get the number. Francisco said no, this particular number is just to balance the budget, and we don't know when it will come in. Council Member Miller agrees with Council Member Heiple to leave Assistant Attorney position in to help save money for outside legal counsel. She said we might be saving funds if we have an attorney on staff versus outside legal counsel. Bryant said several years ago we budgeted \$75,000 per year for outside legal counsel, then \$130,000 for a few years and now \$125,000 but had to spend more. He said what drives outside legal cost is number of cases involved.

Bryant said the labor cases have a couple of attorneys active in those, up to arbitration. We farm cases out to outside legal after arbitration so we won't have employee against employee. He also said the grievance process is handled the same way, if we cannot resolve then we use outside counsel. He said we never know how many grievances will be filed. Bryant said legal staff worked on Griffin Park Land development; and negotiations about proposed Griffin Hospital site redevelopment, needed an outside firm to assist. It really depends on project that comes up. Bryant said there's a parallel of savings from Assistant City Attorney versus outside legal counsel. Council Member Miller asked if it would save any money. Mayor asked how it would change operation if we hired Assistant Attorney tomorrow, what would you do differently to improve. Bryant said we would be able to spread out workload and be more methodical, no rush, better practice if we add position. There are a number of Norman Forward projects, Griffin and regular day-to-day work at Court.

Castleberry said position has been authorized for four years, why haven't you filled it. Lewis said it is a way to contain cost. If the position is abolished, then I would have to go to Council to ask for it to be opened again. He said if you abolish you would then have to amend budget, if you leave it in, I can hire when needed. Lang asked if cost of an Attorney is not the same as a year ago. Francisco said yes. Lang said Code Enforcement position we don't want to take away tools, but if we haven't filled it, can we substitute Attorney for Code Enforcement officer. Lewis said it depends on what is going on to determine staff level. Lang said one advantage of consultants is that it's not a long-term cost, will be cheaper for City over time. He said Code Enforcement is a hot topic right now and it looks funny to have funds there and position not filled.

Castleberry said take \$50,000 for outside legal and you're looking at a more realistic budget. Lewis said we re-direct funds, we'll take one-half of amount and add Code Enforcement in January, a mid-year hiring. Mayor said I disagree with Member Castleberry that our direction is not being followed. We can say take the position off hold. We get an Open Position Report. Castleberry said Member Allison and I have asked to take that position off. Every meeting we adjust the budget. I don't see anything wrong with adjusting the budget and adding people

during the fiscal year. Mayor said she is concerned with reducing the flexibility of the City Manager to manage the budget. Lewis said example is Susan Connors and budgeting consulting, looking forward to plan. Castleberry said we can make the motion. Council Member Miller said I don't want to take it out of Legal position, we are always balancing. If you want to leave it in, gives City Manager more flexibility. She wants to see more code enforcement, more public involvement. Lewis said to let us know if you have any amendments you want to make. Francisco said Council doesn't add positions, you allocate funds. Lang said it doesn't look good to hold a position vacant for four years. Council Member Castleberry said nobody does that in the real world.

Council Member Castleberry asked about plan for reducing Risk Management Fund to balance General Fund. Francisco said you would be reducing contributions that the City makes on behalf of employees; there would be negotiation ramifications of that decision. Mayor asked him to elaborate on the ramifications. Francisco said contributions made in risk management are based on premium costs; you would be reducing the contribution and have to negotiate that. Castleberry asked how do we know how much for premium, is it an estimate. Francisco said there are negotiations per employee union regarding the amount we are contributing. Bryant said health insurance is known but workers' comp is estimated, not negotiated. We don't know how cases at State level will go, might be back to where we were before reform. He said he would be cautious about that.

Castleberry wanted to know about judgements paid by property tax rolls. Bryant said judgement allocation for FYE 17 we think will be \$100,000, down from historical \$800,000 which included a \$200,000 payment for Sutton Wilderness. Castleberry said we have a fund balance. Francisco said we prudently do that. Mayor cautioned against finding a fund to make the General Fund balance. She said picking the Risk Management Fund is very imprudent. Castleberry said if we reduce what we put in there, it won't affect anyone.

Lang said two things: health insurance is tied to employee contract, workers' comp and judgements. Francisco said we know exactly what we are going to contribute, but we don't know claims amount. He said City wouldn't be allowed to be self-insured if we didn't have adequate fund balance. Lang said it would be nice to see running total. Lewis said don't tinker with health insurance side. Lang said he agrees but what about other side. Castleberry said if reserves are high, then we could use. Francisco said yes. Council Member Lang wanted to know since fracking issue is such a hot topic, how come the City is not inspecting more.

Council Member Miller would like clarification on inspectors. She has heard a lot about code enforcement from all wards, "not enough, not frequent enough, no follow-up due to lack of people", for inspections on buildings. Connors said if I were choosing it would be a Building Inspector. We're working on Code Enforcement Officer hiring.

Council Member Miller asked if City is doing silt inspections. Connors said there could be 100 to 200 a day, we need to get someone trained for the job. Francisco said a Storm Water Inspector is being added. Greg Hall said yes, the position will greatly affect storm water. Council Member Castleberry asked what the cost is for a Building Inspector. Lewis said they can be hired for a portion of the fiscal year.

Items submitted for the record:

1. Memo from Anthony Francisco, Finance Director, to the Mayor and City Council Members, dated June 8, 2016, FYE 2017 Budget Amendments

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Item 2, being

SUBMISSION OF THE REVENUE/EXPENDITURE REPORTS FOR APRIL AND MAY 2016

Francisco made presentation. He said we received the June Sales Tax today and it's down 5% from the same time last year, a negative report. This is a really bad return, and we should all be concerned. It's an indication of the economy and this is a three month trend downward. We budgeted 2.5% growth for FYE 2016, and for FYE 2017 we budgeted 2%. Expenditures are below projections for this year and we are hoping that will continue. In the General Fund, we're 6% below and the Emergency Reserve is the largest part of that amount. Council Member Castleberry wanted to know if expenditures are 6% below and revenue is also below then will be okay. He also wanted to know if Westwood is still right on target. Francisco said yes, they had a good month and we'll see if they continue.

Mayor wanted to know if the financial loss of swim facility had been built into the budget. Jud Foster said no, wanted to wait till construction is closer. There's no change to revenue projection at this point. Lewis said revenues and expenditures will both be down. Council Member Castleberry asked if there would be any expenses for the Westwood pool. Jud Foster said there will be no expense for the pool since it's closed down.

Lewis wanted to know about the impact of state agencies budget cuts. He said on the ODOT maintenance issues, I'm hearing that there will be significant cutbacks on mowing on I-35 and Highway 9. We're also hearing there will be cuts in the number of mowing times to half, mowing three times a year. Greg Hall and I have been talking that the City might have to pick up some of that mowing. Council Member Castleberry asked if the City has no recourse in this situation. Hall and Lewis said no, we are discussing sight triangle issues with ODOT. Mayor-Elect Miller said she hears a lot about Highway 9, and doesn't the City do a lot the mowing out there now? Hall said we do the portion of Highway 9 that goes all the way out to 180th Avenue. Mayor Rosenthal said we would be doing all the way out to the Lake.

Items submitted for the record:

1. Summary of Major Funds-General; Capital; Westwood; Water; Water Reclamation; Sewer Maintenance; New Development Excise; Sewer Sales Tax; Sanitation Fund; and Norman Forward Sales Tax Fund Revenue Sources vs. Budget, Financial Reports for May 2016

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Item 3, being

SUBMISSION OF THE REPORT ON OPEN POSITIONS

Mayor asked if the City is accepting applications for the next Police Academy. Chief King gave an update on the Fire Academy.

Items submitted for the record:

1. Position Vacancy Report dated May 4, 2016

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Item 4, being:

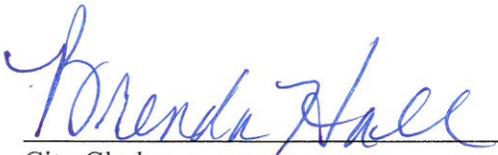
MISCELLANEOUS DISCUSSION

Council Member Lang wanted to know about Storm Water budget for FYE 2017 and transfers from various funds. If the storm water issue passes, Francisco said Staff would bring information to the Council to set up the Storm Water Utility and make necessary adjustments. Council Member Castleberry wanted to know if storm water costs will be adjusted if the vote passes. Lewis said we've added Street Sweeper Operator, TMDL Monitoring, and Storm Water Inspector. Mayor wanted to know what the impact to the General Fund budget will be in years 2 and 3. Francisco said we know we need to add street sweeping crews, which is a major expenditure. Council Member Miller asked for a copy of the Storm Water projection list.

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The meeting adjourned at 6:11 p.m.

ATTEST:



City Clerk



Mayor

