

CITY COUNCIL STUDY SESSION MINUTES

April 21, 2009

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a study session at 5:30 p.m. in the Municipal Building Conference Room on the 21st day of April, 2009, and notice and agenda of the meeting were posted at 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: Councilmembers Butler, Cubberley, Dillingham, Griffith, Kovach, Quinn, Mayor Rosenthal

ABSENT: Councilmembers Ezzell and Thompson

DISCUSSION REGARDING CHANGE ORDER NO. TWO TO CONTRACT NO. K-0708-154 BY AND BETWEEN THE NORMAN UTILITIES AUTHORITY AND SUN CONSTRUCTION SERVICES, INC., DECREASING THE CONTRACT AMOUNT BY \$1,000 FOR THE WATER TREATMENT PLANT SAFETY AND ROOF REPLACEMENT PROJECT AND FINAL ACCEPTANCE OF THE PROJECT.

The Norman Utilities Authority, in its meeting of July 8, 2008, approved Contract No. K-0708-154 with Sun Construction Services, Inc., in the amount of \$207,893 and Change Order No. One increasing the contract amount by \$28,183 for the Water Treatment Plant Safety Improvements and Roof Replacement Project. Mr. Ken Komiske, Director of Utilities, said the project included installing an airlock entry; accessibility at the front entry compliant with the American with Disabilities Act; a new roof; replacement of the rooftop heat and air units; and modifications to the office area and file cabinet storage area. He said the project is now complete and all items have been reconciled from as-bid to as-built resulting in a reduction of \$1,000. The total project cost is \$235,076 and the final change order is scheduled for Council's consideration in its meeting of April 28, 2009.

Items submitted for the record

1. Memorandum dated April 13, 2009, from Chris Mattingly, Utilities Superintendent, to Norman Utilities Authority
2. Change Order No. Two to Contract No. K-0708-154

DISCUSSION REGARDING CHANGE ORDER NO. ONE TO CONTRACT NO. K-0809-5 BY AND BETWEEN THE NORMAN UTILITIES AUTHORITY AND KRAPFF-REYNOLDS CONSTRUCTION COMPANY IN THE AMOUNT OF \$45,160 ADDING THE BRIGGS STREET SEWER PROJECT TO THE FYE 2008 SEWER MAINTENANCE PROJECT.

The Norman Utilities Authority, in its meeting of July 22, 2008, approved Contract No. K-0809-5 with Krapff-Reynolds Construction Company in the amount of \$1,790,646 for the FYE 2008 Sewer Maintenance Projects. Mr. Charlie Thomas, Capital Projects Engineer, said Change Order No. One increasing the contract amount by \$45,160 will add the Briggs Street Sewer Project to this contract. He said this proposal was first presented to Council in its Conference on January 13, 2009, at which time Council directed Staff to prepare a change order to the contract for the Sewer Maintenance Program to include this work. Additionally, Council asked Staff to verify the current situation on Briggs Street was unique and there were not other areas in urban Norman under the same circumstances. Mr. Thomas said Staff has completed its investigation and only one other location exists meeting the same criteria as the properties on Briggs Street. The lots are about double the size of those on Briggs Street and would necessitate the acquisition of one or more easements. He said the cost to provide sewer to those properties is approximately \$42,000 plus paving and easement acquisition costs; however, that work is not included as part of this change order. He said the change order will be submitted for Council's consideration in its meeting of April 28, 2009.

Items submitted for the record

1. Memorandum dated April 8, 2009, from Charlie Thomas, Capital Projects Engineer, to Norman Utilities Authority
2. Change Order No. One to Contract No. K-0809-5
3. Location maps
4. City Council Conference minutes of January 13, 2009

DISCUSSION REGARDING THE ADMINISTRATION OF THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDS PASSING THROUGH THE ASSOCIATION OF CENTRAL OKLAHOMA GOVERNMENTS (ACOG) AND NORMAN'S SELECTION OF ELIGIBLE PROJECTS.

Mr. Shawn O'Leary, Director of Public Works, said Staff submitted the City's Stimulus Transportation Projects for ARRA funding through ACOG on March 19, 2009, which included \$2,507,000 in street resurfacing projects and \$655,700 in traffic signalization improvements. Since that time, the Oklahoma Department of Transportation (ODOT) has met its ARRA funding hresholds and deadlines for the initial spending allowing local governments more options for project selection and timing. This change would allow the City to consider ARRA funds for the Robinson Street Grade Separation Project because it is shovel ready and meets all other ODOT criteria. He said Staff met with the City Council Finance Committee on April 16, 2009, to discuss this option and the Finance Committee recommended Staff prepare a revised project approach for Council's review at the April 21st Budget Study Session.

Mr. O'Leary said the blended projects approach includes some of the street resurfacing and traffic signal upgrades previously submitted as well as funds to be used towards the Robinson Street Grade Separation Project. This approach also provides a direct benefit to the Capital Fund as it would free up that portion of money tied to the Robinson Street Grade Separation Project to be used on other projects. He said the street resurfacing list has been pared down using the City's Pavement Management System, cost considerations, and environmental assessment concerns. The traffic signal upgrade project on 24th Avenue West from Highway 9 to Tecumseh Road is considered a high priority project due to traffic congestion relief and the correlation with the City's fiber project. The revised project list includes \$700,000 for traffic signal upgrades, \$1,217,000 for street resurfacing, and \$1,293,397 for the Robinson Street Grade Separation Project.

Councilmembers felt this proposal was in the best interest of the City and Mr. O'Leary said Staff would prepare a resolution to be submitted to ACOG for Council's consideration in its regular meeting on April 28, 2009.

Items submitted for the record

1. Memorandum dated April 21, 2009, from Shawn O'Leary, Director of Public Works, to Honorable Mayor and Councilmembers with attachments, Federal Stimulus Transportation Projects dated April 21, 2009, and project map

DISCUSSION REGARDING THE FYE 2010 BUDGET - GENERAL AND SPECIAL REVENUE FUNDS.

Mr. Steve Lewis, City Manager, said the City Council Finance Committee began budget discussions as early as September 2008, and City Council held two budget retreats in September and November 2008, to provide input and direction for Staff prior to preparation of the budget documents. He said tonight's presentation will be on the General Fund and Special Revenue Funds.

Mr. Anthony Francisco, Director of Finance, provided definitions for General Fund and Special Revenue Funds. He said the General Fund is the general operating fund of the City and is used to account for all financial resources, except those required to be accounted for in another fund. Special Revenue Funds are

used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Mr. Francisco provided a brief overview of the national economic condition. He said the consensus of national economists is that the U.S. economy has been in recession since the fourth quarter of 2007 and is the deepest recession since 1982-1983. He said the national employment rate is expected to exceed 9% by the end of 2009. He said some economists believe an economic recovery should begin in the first or second quarter of 2010. He said the financial credit crisis is moderating and the federal stimulus actions should show an impact. He said as to the state and local economic conditions, Oklahoma and the Oklahoma City metro economy is outperforming the national economy as a whole. The petrochemical industry's growth has slowed down considerably and the local construction industry has reduced as well. He said retail sales growth is negatively impacted by national trends, but the metro area is relatively strong and should rebound quicker than most areas of the U.S.

Mr. Francisco said sales tax is estimated to increase 4.60% in FYE 2009 over the previous year and highlighted sales tax revenues over the past 10 years. In 2001 sales tax revenues were approximately \$31 million, estimated at \$52 million for FYE 2009, and projected for approximately \$57 million in FYE 2010. He highlighted the major General Fund revenue assumptions and said the FYE 2010 Budget included sales tax projections of 4.5% growth; 4.78% growth for FYE 2010; 4.64% growth for FYE 2012; 4.25% for FYE 2013; and 4.25% for FYE 2014. The total revenue projected for all funds is \$159,118,862 and the total projected expenditures are \$179,905,951. He said the reason the expenditures are greater than the revenue is that the expenditures also include funds remaining for projects at the end of the fiscal year, which are rolled forward into the next fiscal year. Use tax, franchise fees, and State shared tax revenues are projected to increase 3% per year from the FYE 2009 collections. Three percent of the Water and Wastewater utility's revenues was transferred to the General Fund, based on the estimated amount that the Utilities would pay for right-of-way usage and property taxes. Transfers are also made from the Capital Fund for costs of capital outlay items budgeted in the General Fund but paid from capital sales tax, as well as Street Maintenance Division labor used for capital projects.

Mr. Francisco said the major General Fund expenditure assumptions include salary and benefit expenses budgeted for each position in FYE 2010 based upon negotiated costs and assumed to grow overall by 5% in FYE 2011 – FYE 2014; expenditures in services/maintenance and supplies/materials categories held constant in FYE 2010 Budget and assumed to grow by 1% in FYE 2011 – FYE 2014; and expenditures in Internal Services category are based upon budgeted costs in the internal services functions and assumed to grow by 2% per year in FYE 2011 – FYE 2014. He said the FYE 2010 Budget assumes a 4% cost of living increase for non-union, American Federal, State, County and Municipal Employees (AFSCME), and International Association of Fire Fighters (IAFF) employees; employees will receive contractual step increases if applicable; an increase of 2.5% for the City's contribution to the health insurance costs; increased stipend for EMT Training to \$100 per month; and employee turnover savings are estimated at 1.5% of payroll for assumed attrition related savings.

Major budget issues for FYE 2010 are as follows:

- *Implementation of the Public Safety Sales Tax* – became effective October 1, 2008, with the first collections received in December, 2008. Total collections received to date - \$2,686,230. Twelve police officers were added in FYE 2009 at a cost of \$817,152. Expenditures for FYE 2010 include the addition of three fire captains at \$144,732 (1/2 year); three fire driver/engineers at \$131,077 (1/2 year); nine firefighters at \$357,676 (1/2 year); one police lieutenant at \$83,047; two master police officers at \$147,617; and six police officers at \$403,128.

- *Implementation of the Westwood Master Plan and the Special Revenue Fund* – the Westwood Enterprise Fund will be closed out for budgeting purposes at Fiscal Year 2009 end with a projected ending balance of \$112,164 to be transferred to the new fund. Westwood Special Revenue Fund will be implemented with the FYE 2010 Budget. Support from the General Fund is projected at \$2,413 in FYE 2010, growing to \$216,696 by FYE 2014. The Westwood Business Plan is in its final preparation stages.
- *Five New Support Personnel* – warrant/security officer at Municipal Court - \$56,403; water meter reader - \$44,331; employment specialist - \$68,197; an electrician in the Facility Maintenance Division - \$63,123; utility coordinator in the Public Works Department for capital projects - \$68,120; and a dispatcher in the Emergency Communications Center - \$52,981.
- *Implementation of the Storm Water Master Plan (SWMP)* - continue the enhanced Rights-of Way Mowing Program. \$100,000 was budgeted in FYE 2010 for implementation services of the SWMP, i.e., engineering services, legal fee, etc.

Other major budget issues include Federal stimulus funding for capital improvements; construction of the I-35 and Rock Creek Road bridge; deferred maintenance of existing City facilities; implementation of the Strategic Water Supply Plan; and the Utilities Enterprise Fund capital improvement projects and proposed revenue bonds.

The City Council Finance Committee recommended the following funding for outside agency requests: Campus Area Rapid Transit (CART) - \$310,500; Social and Voluntary Services Commission - \$125,000; Norman Economic Development Coalition - \$125,000; Center for Children and Families - \$90,000; Kiwanis Kruiser - \$10,500; Little River Zoo - \$8,000 (one time funding); Performing Arts Studio - \$3,000 (one time funding); 89er Day Parade - \$5,000; Sooner Theatre - \$72,527; Firehouse Art Center - \$60,000; and the Historical Museum - \$35,000.

The major recommended capital outlay purchases include replacing a fire pumper truck - \$421,225; replacing two Street Maintenance Division dump trucks - \$214,000 each; purchasing a Local Area Computer Network Storage Expansion - \$448,000; purchasing electronic Council agenda and video streaming software/hardware - \$60,000; and other fleet replacement totaling \$459,232.

Councilmember Cubberley said the operational reserves show to be in deficit in FYE 2013 and felt Council needed to look at what could be done different, operationally, to address this. Councilmember Kovach felt the City should invest in programs now that will save money in the future.

Mr. Francisco thanked Suzanne Krohmer, Budget Manager, for her valiant efforts throughout the budget process and Councilmember Cubberley thanked both Mr. Francisco, Mr. Lewis, and Staff for their work on the budget. He said this is the best budget he has seen during his tenure on Council and said Staff did a good job incorporating Council's goals early in the process.

Items submitted for the record

1. PowerPoint presentation entitled, "Fiscal Year 2009-2010 Budget Study Session dated April 21, 2009"
2. The City of Norman, Oklahoma, Budget, Fiscal Year Ending June 30, 2010, Financial Plan – Fiscal Year End 2010-2014

UNIVERSITY NORTH PARK TAX INCREMENT FINANCING (TIF) DISTRICT QUARTERLY REPORT.

Ms. Kathryn Walker, Assistant City Attorney, highlighted the overall components of the University North Park (UNP) TIF Project Plan and said of the traffic and roadway improvement projects, four are complete; signalization and intersection improvements on 24th Avenue N.W. at Robinson Street, Mt. Williams, Conference Drive, and Tecumseh Road and construction of the I-35 Frontage Road between Mt. Williams and Conference Drive. The remaining projects, many of which are pending awaiting the results of the One-Way Frontage Road Study, include three remaining intersection/signalization improvements on 24th Avenue N.W.; Robinson Street both east of I-35 and west of I-35 at Crossroad Boulevard; construction of the I-35 Frontage Road between Rock Creek Road and Tecumseh Road; Tecumseh Road both east and west of I-35 and at Flood Avenue; and the Rock Creek Road bridge.

New stores and restaurants added since Council's last report include Shoe Carnival; Dots; Rue 21; Academy Sports; and Cheddar's. Legacy Park design is 95% complete and should be ready to bid in May or June.

Ms. Walker highlighted the funding received in the UNP TIF and said the 2009 receipts for Ad Valorem taxes generated from the District for the 2008 assessment year are expected to total \$300,367. Sales taxes generated from the District are outlined below:

Sales Tax Received	
Calendar Year 2006	\$ 62,639
Calendar Year 2007	\$ 641,444
Calendar Year 2008	\$1,354,280

Ms. Walker said the Project Plan does contains language to protect the City's overall sales tax base in the event a downturn in the economy would affect sales tax revenue received in the TIF. The Project Plan requires a comparison of the retail sales tax increment to the Average Annualized Sales Tax growth rate from 2004-2005 to ensure it at least exceeds the historic growth rate of 4.5%. The protection mechanism is only utilized if the Average Annualized Sales Tax growth rate does not exceed 4.5%. If it is below 4.5%, the amount of UNP sales tax revenue apportioned from the General Fund to the TIF is reduced proportionately.

Items submitted for the record

1. PowerPoint presentation entitled, "TIF Quarterly Update, City Council Study Session dated April 21, 2009"

The meeting adjourned at 7:20 p.m.

ATTEST:

City Clerk

Mayor