

CITY COUNCIL SPECIAL SESSION MINUTES

June 7, 2011

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a Special Session at 5:30 p.m. in the Municipal Building Conference Room on the 7th day of June, 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: Councilmembers Atkins, Butler, Cubberley, Dillingham, Griffith, Kovach, Mayor Rosenthal

ABSENT: Councilmembers Ezzell and Quinn

Item 1, being:

DISCUSSION OF POSSIBLE AMENDMENTS TO THE FYE 2012 OPERATING AND CAPITAL BUDGET.

Mr. Steve Lewis, City Manager, said it has been Norman's historical practice to present Council with a list of potential budget amendments approximately two weeks prior to adoption of the budget.

Mr. Anthony Francisco, Director of Finance, highlighted the proposed amendments as follows:

- Increase Risk Management Fund revenues and expenditures by \$379,696 from a proposed increase to the level of health insurance premiums associated with escalated health insurance premium costs
- Decrease the Community Development Block Grant (CDBG) Special Revenue Fund by \$11,801 for the Home Grant and \$58,721 for the CDBG Fund for a total difference of \$70,522
- Increase appropriated Water Fund Capital Project expenditures by \$1,269,161 to fund the new 24 inch Waterline Project and the High Pressure Plane Upgrade Project
- Increase Capital Fund project expenditures by \$1,003,500 for the construction and materials for Fire Station No. 9 with a corresponding inter-fund transfer revenue from the Public Safety Sales Tax Fund
- Add \$31,000 to the City of Norman's share of the Capital Fund for the Regional Transit Alternative Analysis Study (commuter rail – Association of Central Oklahoma Governments)
- Reduce Capital Fund project expenditures from \$157,765 to zero for the Compressed Natural Gas (CNG) Slow Fill Project
- Reduce \$450,000 to zero in the University North Park Tax Increment Finance Fund for utility relocation for Robinson/I-35 N.E. Ramp Project
- Increase General Fund salary and benefits accounts in the Municipal Court Department by \$5,458 to account for an increase in hourly rates for temporary positions
- Increase salary and benefits account by \$226,373 for the increase in the health insurance premiums in the General Fund; \$24,886 in the Public Safety Sales Tax Fund; \$1,121 in the CDBG Fund; \$226 in the Intelligence Analysis Special Revenue Fund; \$169 in the Seizure and Restitutions Fund; \$3,422 in the Westwood Fund; \$18,448 in the Water Fund; \$9,031 in the Wastewater Fund; \$20,561 in the Sanitation Fund; \$946 in the Risk Management Fund; \$3,459 in the Capital Fund; and \$7,858 in the Sewerline Maintenance Fund for the corresponding increases to health insurance premiums.
- Establish a new Net Revenue Stabilization Fund (Rainy Day Fund) via a transfer in the amount of \$550,000 from the General Fund
- Increase General Fund Banking Service Charges account in the Finance Department by \$180,000 to accurately reflect historic expenditures
- Increase General Fund Outside Legal Fees account in the Legal Department by \$58,000 to accurately reflect historic expenditures
- Increase General Fund Prisoner Care account in the Police Department by \$40,000 to accurately reflect historic expenditures
- Make typographical and minor numerical corrections to the budget document with no financial impact

Councilmember Kovach said he would like a Business Ombudsman position created and funded in this budget with the job description to be defined by the Finance Committee. Councilmember Cubberley said an amendment cannot be made without a cost and Mr. Francisco said a classification analysis done by the Human Resources Department determined the estimated cost to be \$72,500. Councilmember Butler asked if there had been recent discussion on unfilled positions or potential new positions based on needs of the changing environment. Mr. Lewis said, at a previous work session, Council had asked Staff to gather costs of various positions and those included a Business Ombudsman or Development Coordinator. He said Staff also provided information relative to an Assistant to the City Manager and Public Information Officer. He said leaving positions vacant has been a cost containment strategy and the list of open positions is reviewed monthly by the Finance Committee. Ms. Gala Hicks, Director of Human Resources, said there are 44 vacancies and an additional 11 vacancies the City

is currently trying to fill. Mayor Rosenthal said, of the 44 vacant positions currently on hold, there are six positions in the Planning and Community Development Department and her concern is whether or not a Development Coordinator is more important than those six positions. She suggested creating a new committee that will look at business and community affairs, review the vacancies against the City's needs, and make an evaluation based on those findings. Mr. Lewis said the Development Coordinator would work out of the City Manager's Office with four major responsibilities: 1.) Facilitate the development review process for public and private development projects 2.) Provide assistance and guidance to the Private Development Project Team members 3.) Provide assistant to Staff in resolving those problems, and 4.) Work with Developers, Engineers, Architects, and other community groups to explain and interpret the City's design standards, code specifications, and processes. He said customarily, special projects such as corridor studies, helping and assisting on City construction projects, and working with developers on any type of intergovernmental issues are a part of that job.

Councilmember Kovach said that a Business Ombudsman is needed and should take precedence over the six open positions in the Planning Department and urged Council to add the position to the budget. Councilmember Dillingham said she would support attaining the goals for an oOmbudsman, but felt it would be better to form a committee that includes members from the business community to ensure the money is well spent by achieving those goals. Councilmember Atkins asked if there was a comparable position open in the Planning Department that could be re-classed for the position with no impact to the budget. Mr. Lewis said there is a Development Services Manager position open, but that position has historically been geared toward day to day building issues in the community and an ombudsman position would require a different skill set. Mayor Rosenthal was concerned about department productivity if a comparable position were re-classed for an ombudsman. Councilmember Cubberley said the budget amendment would not be revenue neutral as the proposal is to add \$72,500 and the positions on hold are being held open for another year to acquire savings to combine positions and to fill them would not save money. He said the budget is predicated on keeping those positions open and, possibly, even a few more positions open. Mayor Rosenthal said one of the most consistent complaints in the permitting process is that the City is inconsistent or not business friendly. She said creating a new position instead of filling open positions would not solve the problem.

Councilmember Kovach said he would like an interfund transfer of \$72,500 from the University North Park Tax Increment Finance District (UNPTIF) No. 2 into the General Fund for staff services supporting TIF related projects. Councilmember Cubberley asked if this would violate any portion of UNPTIF agreement and Mr. Bryant said allocation of City staff time was not addressed in the agreement. Councilmember Atkins felt that while the City is working on projects for the different Enterprise Funds, this would be a good time to build that cost into the budget as part of the project cost. Mr. Francisco said the Capital Fund directly funds several positions where Staff time is totally allocated to those projects and doing the same with the UNPTIF has been discussed. Councilmember Atkins felt that for consistency, the City should move towards that goal. Councilmember Cubberley said, in the past, there had been resistance from UNPTIF partners to allocate funds for Staff time, but when the City refinances the UNPTIF agreement, that could take away that hurdle. Councilmember Kovach asked if the refinancing would be finished in the next few months and Mr. Bryant said hopefully by the end of June. Councilmember Cubberley said Council could amend the budget after the refinancing is in place and if available revenues are in the UNPTIF.

Councilmember Kovach asked if Staff anticipates any funds to be in the FYE 2011 Budget that have not yet been discussed and Mr. Francisco said he expects the revenues to be right on target within 1% and expenditures to be a little above what was anticipated. Councilmember Kovach asked about the status of union negotiations and Mr. Lewis said there has been some discussion with a tentative update to Council on June 14th or 28th, but nothing significant enough to factor into the FYE 2012 budget process.

Items submitted for the record

1. FYE 2012 Potential Budget Amendments

Item 2, being:

DISCUSSION REGARDING THE ESTABLISHMENT OF GENERAL FUND EMERGENCY RESERVE REQUIREMENTS, CREATION OF A NET REVENUE STABILIZATION FUND (RAINY DAY FUND).

Mr. Francisco said establishing an Emergency Reserve Fund or Rainy Day Fund has been discussed by the Finance Committee and City Council for several years and the Council Finance Committee directed Staff to move forward with a proposed ordinance. He said the basic purpose of the fund is to codify the existing reserve policies by putting them in ordinance form instead of adopted policies. He said in February 2009, the Governmental Accounting Standards Board (GASB) issued Statement Number 54: Fund Balance Reporting and Governmental Fund Type Definitions. He said under the new requirements for generally accepted accounting principles, the

City of Norman will be required to make several changes to its fund structure and fund balance classifications. He said Statement Number 54 expands the classifications of fund balance in governmental funds from "Reserved" or "Unreserved" to the following five categories and provided descriptions of each.

- Non-Spendable Fund Balance
- Restricted Fund Balance
- Committed Fund Balance
- Assigned Fund Balance
- Unassigned Fund Balance

Mr. Francisco said the legal name of the fund is Net Revenue Stabilization Fund, but it will be commonly known as the Rainy Day Fund. He said the ordinance would require a 2% emergency reserve allocation in the General Fund, a minimum General Fund balance of 3%, and establishment of a Net Revenue Stabilization Fund (Rainy Day Fund). He said the General Fund balance of 3% minimum must be met before the Rainy Day Fund can receive funds and, once that has been met, the ordinance requires a minimum Rainy Day Fund balance of 3% with a 4.5% target and a 6% maximum.

Mayor Rosenthal said the General Fund balance has been described as the City's savings account, which is not an accurate characterization as it is more like a checking account with checks and balances. She said the Rainy Day Fund would be a true savings account. Mr. Francisco said the General Fund is somewhat like a savings account because only the Council can appropriate money from the fund, but there are no strings attached as to how the money can be used. The Rainy Day Fund ordinance will define for what and how the money can be used, tying the Council's hands to some extent.

Councilmember Butler asked if the 6% maximum was a standard and Mr. Francisco said, in discussions about the Rainy Day Fund, it was perceived that if the City had 6% in the Rainy Day Fund and 5% in the General Fund it would have a total fund balance of 11%, which is the national standard used for various needs of the citizens and the services they demand.

Mr. Francisco said expenditure requirements of the Rainy Day Fund are:

- Unexpected expenses due to disasters that would be declared by the President of the United States or the Governor of Oklahoma and the Mayor of Norman.
- The General Fund operating reserve is projected to fall below 1% of expenditures.
- Critical non-programmed one time capital expenditures required for maintenance, replacement, construction, or improvement of City of Norman buildings or infrastructure.

Mr. Francisco said the ordinance requires the Rainy Day Fund be established at 3% and returned to 3% within three years if money is taken from the fund. Councilmember Kovach wondered if three years was too soon to replenish the Fund especially during long term recessions. Councilmember Cubberley said if there is no trigger date then the funds may not get restored and if the City gets into such dire straights that they cannot meet the three year timeline, the ordinance can be amended. He said the ordinance needs to be in place to offer discipline to Council to ensure the Fund is reimbursed when used.

Mr. Francisco said the General Fund would be classified as Unassigned and the Rainy Day Fund as Committed.

Mayor Rosenthal said the ordinance would be on the Council agenda for First Reading on June 14, 2011, and Second Reading adoption on June 28, 2011.

Items submitted for the record

1. Memorandum dated June 2, 2011, from Anthony Francisco, Finance Director, to Honorable Mayor and Councilmembers
2. Draft ordinance

Item 3, being:

DISCUSSION REGARDING COMMERCIAL OUTDOOR LIGHTING STANDARDS, PREVIOUSLY DISCUSSED AT THE APRIL 12, 2011, COUNCIL MEETING TO BE BACK BEFORE COUNCIL ON JUNE 14, 2011.

Ms. Susan Connors, Director of Planning and Community Development, said the Commercial Outdoor Lighting Standards ordinance was postponed to June 14, 2011, and the sub-committee appointed by the Mayor has met twice and hopes to have recommendations by the end of the week. She said the areas discussed for modification are areas for applicability and separating pole mounted lights and wall pack lights. Additional discussion included creating a distance from one and two family residences as a means to judge compliance and the triggers that would lead to that compliance. She said the Committee was also reviewing the distance of pole mounted lights from one and two family property boundaries and the height of poles. She said in the photometric lighting plans, the Committee is reviewing changing the square footage that will trigger a photometric plan. Discussion is still ongoing regarding definitions for cut off fixtures, full cut off fixtures, glare, and semi-cut off fixtures.

Item 4, being:

CONSIDERATION OF ADJOURNING INTO AN EXECUTIVE SESSION AS AUTHORIZED BY OKLAHOMA STATUTES TITLE 25 §307(B)(3) TO DISCUSS THE POSSIBLE PURCHASE OF ALL OR PARTS(S) OF REAL PROPERTY LOCATED AT 101, 113, 115, 116, AND 118 WEST GRAY STREET.

Councilmember Dillingham moved that the Special Session be adjourned out of and an Executive Session be convened into in order to discuss the possible purchase of all or part(s) of real property located at 101, 113, 115, 116, and 118 West Gray Street, which motion was duly seconded by Councilmember Atkins; and the question being upon adjourning out of the Special Session and convening into an Executive Session, a vote was taken with the following result:

YEAS: Councilmembers Atkins, Butler, Cubberley,
Dillingham, Griffith, Kovach, Mayor Rosenthal

NAYES: None

The Mayor declared the motion carried and the Special Session adjourned out of; and the Executive Session was convened into in order to discuss the possible purchase of all or part(s) of real property located at 101, 113, 115, 116, and 118 West Gray Street.

The City Council convened into Executive Session at 6:36 p.m. Mr. Steve Lewis, City Manager; Mr. Jeff Bryant, City Attorney; and Mr. Blaine Nice, Assistant City Attorney, were in attendance at the Executive Session.

Thereupon, Councilmember Cubberley moved that the Special Session be reconvened, which motion was duly seconded by Councilmember Butler; and the question being upon reconvening the Special Session, a vote was taken with the following result:

YEAS: Councilmembers Atkins, Butler, Cubberley,
Dillingham, Griffith, Kovach, Mayor Rosenthal

NAYES: None

The Mayor declared the motion carried and the Special Session was reconvened.

The Special Session reconvened at 7:23 p.m.

The Mayor said the possible purchase of all or part(s) of real property located at 101, 113, 115, 116, and 118 West Gray Street, was discussed in Executive Session. No action was taken and no votes were cast.

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ADJOURNMENT

There being no further business, Councilmember Kovach moved that the meeting be adjourned, which motion was duly seconded by Councilmember Griffith; and the question being upon adjournment of the meeting, a vote was taken with the following result:

YEAS: Councilmembers Atkins, Butler, Cubberley,
Dillingham, Griffith, Kovach, Mayor Rosenthal

NAYES: None

The Mayor declared the motion carried and the meeting was adjourned at 7:24 p.m.

ATTEST:

City Clerk

Mayor