

FINANCE COMMITTEE MINUTES

January 25, 2010

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 25th 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: Cindy Rosenthal, Mayor
Al Atkins, Council Member
Jim Griffith, Council Member
Steve Lewis, City Manager
Anthony Francisco, Finance Director
Suzanne Krohmer, Budget Manager
Brenda Hall, City Clerk
Matt Smith, Facilities Maintenance Superintendent
Gala Hicks, Human Resources Director
Phil Cotten, Norman Police Chief
Jeff Bryant, City Attorney
Susan Connors, Planning & Development Director
Linda Price, Revitalization Manager
Wayne Stenis, Planner II

DISCUSSION REGARDING THE FYE 2010 REVENUE / EXPENDITURE REPORT THROUGH THE SECOND QUARTER OF THE 2010 BUDGET AND FINANCIAL OUTLOOK FOR THE REMAINDER OF THE CURRENT FISCAL YEAR

Cutback Management Estimates for FYE 11 – Committee looked at in October

- Cutback philosophy and goals

FYE 11 Budget Overview – economic outlook discussion

- Think about consolidation
- Avoid deferring maintenance
- Audit routine expense
- Look at overtime cost
- Health care cost containment
- Inter-government cooperation – with county
- No base budget adjustments

Key Budget Dates

- February 18, 2010 – Council Capital Budget Retreat
- March 5, 2010 – Management Team Retreat
- April 12, 2010 – Preliminary Budget to Council

Vacancy Report as of January 25, 2010

- Looking at staffing – implement “Smart Hiring Freeze”
- Have 12 vacancies

FYE 10 General Fund Revenues

- Short \$1.5 million or 2% of General Fund
 - Blizzard costs
 - Prisoner care cost

FYE 10 Fund Summaries

- FYE 09 Actual, FYE 10 Budget and Estimate
- Sales tax 4.5 % below budget
- Use Tax on budget
- Franchise fees +1.6% (above budget)
- Other tax (motor fuel and excise tax – ahead of schedule)
- Fines collections decreased
- Interest income decreased from last year but on budget
- Other revenue (FEMA reimbursements)
- Licenses/Permits above budget
- PSST not in General Fund beginning in FYE 11
- Water Fund – 3% rate increase projected for next 5 years
 - 3% equals approximately \$400,000 loss per year
- Wastewater Fund – \$1 million loss in FYE 10 reserves
 - No rate increase since 1996
- Sewer Maintenance Fund – Utility funds driven by CIP needs
- Sanitation Fund - \$29,000 negative fund balance in FYE 11

Ezell – Add footnote regarding Fund Summary, line 18, decreasing 11% - that it includes PSST move

\$1.5 million down in General Fund – will find in operating budget versus emergency reserves. We want to keep emergency reserves for next fiscal years.

Increasing revenues in

- Traffic citations automatic \$25 fine – State will allow \$5 increase to \$30
- Council can amend fee
- Amnesty Program – can hire collection agencies to collect fines plus the company’s collection fee
- Currently looking at RFP process for collection services to help increase revenues (one-time)

FYE 10 Possible Reductions

- Council direction – find \$1.5 million in FYE 10 gap
- Union negotiations scheduled
 - Fire – 1st week in February
 - Nothing from Police
 - One meeting with AFSCME

Cubberley – Pass out additional information from FYE 10 cuts to rest of Council. February 18 – keep Capital budget only meeting. Schedule General Fund and projections on February 16th at 5:00 pm Study Session.

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 – 2nd Quarter, October 1 through December 31, 2009
2. Cutback Management Estimates for FYE 11
3. Vacancy Report as of January 25, 2010
4. Fund Summaries
5. FYE 10 Possible Reductions

DISCUSSION REGARDING FINANCING OPTIONS FOR NEEDS IDENTIFIED IN THE CITY FACILITIES ASSESSMENT

City Facilities Assessment discussion

- \$6.7 million versus \$9 million
- Updated needs matrix – added projects and updated figures
- Roofing assessments almost complete – small buildings excluded for now

Cubberley – keep list in front of Council and citizens – need complete assessment as soon as possible.

- Smalley Center – moving out in July
- Roofs - \$1 million on utility side - \$3.3 million on general side

Possible Financing Sources discussion

- \$2.5 million already programmed in CIP over 4 years
- \$250,000/year for debt financing (\$3 million total)
- Maintenance of existing facilities 5% contingency = \$1.5 million over next 5 years
- GOB interest earned (free up pay-go) = \$1.1 million
- PSST for Smalley Center and Fire Department roofs
- New temporary sales tax = \$8 million – ½% for 1 year

Cubberley – For Capital Budget Retreat address “failed” roofs (most critical). Give a priority list of projects

Rosenthal – Prioritize HVAC systems replacements will save in operating costs.

Cubberley – look at roof life.

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
2. Memo to City Council from Brenda Hall, City Clerk, and Matthew Smith, Facilities Maintenance Superintendent, dated January 20, 2010, Assessment of City Facilities

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3. Memo from Anthony Francisco to Finance Committee Members dated January 21, 2010, Alternative Funding Methods for Building Maintenance Needs

The meeting adjourned at 6:37 pm.

Cindy Rosenthal, Mayor

Brenda Hall, City Clerk