

FINANCE COMMITTEE MINUTES

March 17, 2010

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 5:30 p.m. in the Municipal Building Study Session Room on the 17th day of March, 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, Quinn, and Chair Cubberley

ABSENT: Member Ezzell

OTHERS PRESENT: Al Atkins, Council Member
James Griffith, Council Member
Anthony Francisco, Finance Director
Suzanne Krohmer, Budget Manager
Ken Komiske, Utilities Director
Brenda Hall, City Clerk
Linda Price, Revitalization Manager
Wayne Stenis, Planner II

DISCUSSION REGARDING UTILITY SYSTEMS RATE OPTIONS:

Ken Komiske, Utilities Director, presented handouts and reviewed with Committee.

Sanitation Fund

- A rate increase is most needed in Sanitation Fund
- Last rate increase in 2004
- There have been cost increases since 2004 – fuel, tipping fees, trucks, etc.
- Need to purchase new trucks each year
- Provide rural vs. urban service – check with Oklahoma City
- Rate increase scenarios / alternatives
 - 20% increase
 - 10% increase 1st year and 5% for 5 years or 3 years
- Revisit recycling contract in FYE 13 – up for renewal
- Increase recycling charge from \$3 per month to \$4 or \$4.50
- Build in projection for recycling in out years
- Cubberley – would prefer 10% to 5% option for easier renewal/authorization by citizens – continuation of rates.
- Want to include MRF and recycling contract increase in new rates
- Quinn – prefers 20% one-time major increase instead of stair-step.
- Cubberley – wants the rate increase to cover future expenses.
- Dillingham – leery of going beyond 5 years – maximum 3 year
- Cubberley - 15% first year and then 5% next 2 years and then revisit in 3 years
- Committee wants information on fee increase and what certain rates would cost the customer each month
- Cubberley – differential rate (urban vs. rural) – add rural surcharge

- Quinn – worries about east vs. west controversy
- Route optimization study (alley pickup)
- Ordinance states we pick up yardwaste year round – might want to look at changing this ordinance
- Volume based system
- Committee recommends 2 scenarios
 - One-time rate increase in \$.00 x number of years
 - One-time larger increase and 3-year smaller increases
- Quinn – annual water and wastewater vote – include in annual general election on March primary election. Pass ordinance for every year vote/election. Extra costs of ballots but less expensive than special elections. One utility every year.
- Cubberley – This fall utility election – August for Sanitation – firm this up in April and take to Study Session. First reading in June.

Water Fund

- Rate increase in 2006, reflected in 2007 graph
- Fund Summary includes rate increase of 3.5% beginning in FYE 11.
- Does water base rate cover costs?
- Cubberley – if not, then we need to increase.
- Actual cost and to support capital program needs to be included in rate.
- Work on: 10% and 2 – 5%; 15% and 2 – 5% rate scenarios. “Just the cost of doing business – current needs only.”
- Griffith – build in a cushion with the percent increases. Build up reserves and build in enough for capital programs.
- Cubberley – go to vote in August 2010 for water, too.
 - Look at water line replacement fee like sewer
 - Does not include future water solution – will be put on at a different time.
 - Look at base rate and commodity rates only (to make sure it covers costs)

Wastewater Fund

- Bring rate increase to vote in Spring of 2011
- User charge adjusted in November 1996
- Sewer maintenance fee \$5 in October 2001 – replaces sewer lines only
- Excise tax initiated October 2001
- Cubberley – Is increase in sewer maintenance fee needed?
- Look at 10% year 1 and 2 – 5% increases
- Methane gas project in FYE 12
- Quinn – Are there grants for this project?
- Took out WRDA grant in fund summaries
- Bring back with projections next month
- Big jump in FYE 12 and then 2 smaller ones
- Cubberley – build up reserves with all percent increases – keep rates reasonable in order to pass

Items submitted for the record

1. Sanitation Fund, dated April 2010, prepared by Utilities Department
2. Sanitation Fund Summary as of March 17, 2010 prepared by Finance Department
3. Water Fund, updated March 2010, prepared by Utilities Department
4. Water Fund Summary as of March 17, 2010 prepared by Finance Department

5. Wastewater Fund, updated March 2010, prepared by Utilities Department

6. Wastewater Fund Summary as of March 17, 2010 prepared by Finance Department

DISCUSSION REGARDING PROPOSAL FROM HOME SERVICE, USA TO PROVIDE A UTILITY SERVICE LINE REPAIR PROGRAM FOR NORMAN CITIZENS

- Homeowner service line repair insurance
- 20% market penetration
- City would get 10% of gross – approximately \$40 to \$50 thousand annually.
- Start up fee for each citizen
- Cubberley – does not want to do
- Committee does not want to pursue
- Griffith explore after rate increases

Items submitted for the record

1. Memo from Ken Komiske to Steve Lewis dated February 22, 2010, Home Emergency Products

DISCUSSION REGARDING FISCAL YEAR 2009-2011 BUDGETS:

Will be discussed at a Special Meeting to be held on March 24, 2010.

DISCUSSION REGARDING OTHER FUNDING REQUESTS RECEIVED FOR THE FYE 2011 BUDGET:

- Second Chance Animal Sanctuary asking for opportunity to appear before Finance Committee to request funds.
- Northern Flyer Alliance, Inc. is requesting \$20 per opening of the depot for train passengers which amounts to \$7,280 per year.
- Mary Abbott Children's House is requesting funding for operation of the Child Abuse Center services offered there.
- Cubberley – no to further requests.
- Dillingham – would rather support Mary Abbott Children's House than Little River Zoo.
- Would have to take money from somewhere else.
- Due to budget situation, deny all new requests.

Items submitted for the record

1. Letter to Mayor Rosenthal from Keith Dodgion, Second Chance Board Member received January 11, 2010
2. Memo from Evan Stair, Vice President – Oklahoma Chapter, Northern Flyer Alliance, Inc.
3. Letter from Ann M. Way, Executive Director, Mary Abbott Children's House, to Council Member Cubberley, dated January 20, 2010, requesting opportunity to appear before Finance Committee to request funds

DISCUSSION REGARDING THE MONTHLY REVENUE AND EXPENDITURE REPORT:

Will be discussed at a Special Meeting to be held on March 24, 2010.

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 as of February 28, 2010

DISCUSSION REGARDING REPORT ON OPEN POSITIONS

No discussion on this item.

Items submitted for the record

1. City of Norman/Human Resources Department Recruitment and Selection Report dated March 10, 2010

The meeting adjourned at 7:23 p.m.

Brenda Hall, City Clerk

Cindy Rosenthal, Mayor