

FINANCE COMMITTEE MINUTES
August 15, 2019

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 4:00 pm in the Municipal Building Executive Conference Room on the 15th day of August, 2019, 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: Chair Wilson, Members Scanlon, and Bierman

ABSENT: Mayor Clark

OTHERS PRESENT: City Council Member Petrone
City Council Member Scott
Darrel Pyle, City Manager
Anthony Francisco, Director of Finance
Gala Hicks, Director of Human Resources
Kim Coffman, Budget Manager
Ken Komiske, Director of Utilities
Shawn O'Leary, Director of Public Works
Sara Kaplan, Retail Marketing Coordinator
Russell Evans, Oklahoma City University
Erica Millar, Chamber of Commerce
Robert Castleberry, citizen
Thomas Thompson, citizen
Lyntha Wesner, citizen

Item 1, being:

DISCUSSION REGARDING THE ECONOMIC OUTLOOK REPORT PREPARED BY
RUSSELL EVANS, PH.D, DIRECTOR, CENTER FOR REGIONAL ECONOMIC
FORECASTING AND POLICY ANALYSIS, OKLAHOMA CITY UNIVERSITY

Dr. Evans stated that the July 2018 prediction from July to January predicted we would collect \$14.18 million in sales tax collection, but actually came in at \$13.9 million. This was an over-prediction of about \$420,000. We came back in January of 2019 and tweaked the models to make better predictions. The forecast is improving as we go through the process. Unique to Norman, the model has been over predicting the sales tax collection. This may be a case where the economic data looks strong, but the sales tax collection is actually less strong. Metro-area earnings are one of the big indicators for the prediction of sales tax collection, as well as how many household people in Norman contribute to the economy and labor force.

City Manager Pyle asked if unfilled jobs for the State play a role in the equation for our model. Dr. Evans stated that there is no explicit role for unfilled jobs in our model. Pyle then asked if this

Item 1, being:

could be worked into the model to help cut down on errors. Dr. Evans stated that he doesn't know if that kind of information would be readily available all the time.

Francisco stated that the variable to help predict our sales tax collections change constantly, so that is why we sought an outside source to help us with the model.

Council Member Scott stated that she did not think it was sufficient just to look at unemployment for our predictions, but that we also need to look at underemployment since 17% of Norman is living in poverty and working multiple jobs. Dr. Evans stated that this, and unemployment rates, are not good predictors at all for our model due to insufficient changes month-to-month. He also stated that we would be able to use weekly unemployment claims for the predictions.

Dr. Evans stated that the July and August checks have both come in much closer to our predictions due to the tweaking we have done to the formula. He also stated that he thinks there is some economic weakness that will eventually show up in the data due to the monthly collections always coming in less than the predictions. We are looking at a kind of flat growth year in fiscal year 2020.

Items submitted for the record:

1. Initial Forecast Evaluation, July 2018
2. Revised Forecast, January 2019
3. City of Norman Sales Tax Update and Commentary: June 2019

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Item 2, being:

SUBMISSION OF THE REVENUE/EXPENDITURE REPORTS

Francisco stated that the growth reflected in the reports from this month are due to growth in the average annualized growth rate, but is not actual growth in the collection of sales tax. Citywide, the sales tax collection for July and August has declined by 2.2%. Francisco also stated that the City Attorney advised us to put the most previous apportionment of \$270,000 back into the UNP TIF Fund until the project plan amendments have been finalized.

Items submitted for the record:

1. Summary of Major Fund Revenue Sources vs. Budget FYE 2020 as of July 31, 2019
2. Summary of Major Fund Expenditures vs. Budget FYE 2020 as of July 31, 2019
3. Appropriations from Fund Balance FY20
4. General Fund Transfers over \$50,000 between Expenditure Categories FYE 20 July 2019
5. Norman Forward Sales Tax Financial Reports

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Item 3, being:

SUBMISSION OF THE REPORT ON OPEN POSITIONS

Gala Hicks stated that we have many open positions currently, and applicants from many states. City Manager Pyle stated that we are continuing to evaluate all open positions to make sure it is fiscally sound to fill them.

Items submitted for the record:

1. City of Norman Position Vacancy Report dated 7/26/19

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Item 4, being:

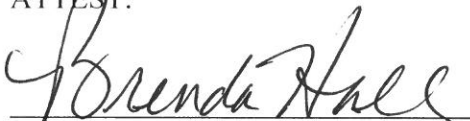
MISCELLANEOUS COMMENTS

None at this time.


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ATTEST:



City Clerk



Mayor

