

FINANCE COMMITTEE MINUTES
April 16, 2014

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 16th day of April, 2014, 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: Members Castleberry, Griffith, Heiple, and Chair Kovach

ABSENT: None

OTHERS PRESENT: Steve Lewis, City Manager
Anthony Francisco, Finance Director
Suzanne Krohmer, Budget Manager
Jeff Bryant, City Attorney
Ken Komiske, Utilities Director
Jim Maisano, Deputy Police Chief
Roger Gallagher, citizen
Joy Hampton, Norman Transcript

Item 3, being:

UPDATE ON SPAY/NEUTER PROGRAM

Presentation by Jim Maisano, Deputy Police Chief

- Spay/Neuter Program for low income citizens
- \$20,000 requested for the FYE 15 budget
- We will put out RFP to local vendors already providing the low cost spay/neuter services
- We will begin early in July and use the funds until we run out. The service will be on a first come, first serve basis

Griffith – How many spay/neuter procedures do you think you can get with that \$20,000?

- \$100 is the spay/neuter total cost
- There will be a minimum co-pay of \$10 and \$5 rabies charge, so \$15 total and we (the City) would pay the remaining costs.
- We will advertise that the pet licensing revenues the City receives will go to this program

Items submitted for the record:

1. Memo from Jim Maisano, Deputy Police Chief, dated February 12, 2014 to the Finance Committee, Response to Low Cost Spay/Neuter Programs

Item 1, being:

DISCUSSION REGARDING CURRENT CONTRACTS WITH THE UNIVERSITY OF OKLAHOMA FOR UTILITY SERVICES

Presentation by Ken Komiske

We have contracts for all three services, water, sewer and sanitation service.

- Wastewater – we meter and charge everything that comes through our pipes. In the third year they now pay the rate that commercial customers pay
- Water – OU pays 90% of the commercial rate and uses approximately half a million gallons a day (0.5 MG/D) which is equivalent to about 2,000 residential customers. They are our largest water customer and a good paying customer.
- We can renegotiate the contracts at any time with them to change the percentage rate.
- There are multiple meters for OU to measure their water supply use

Castleberry - Are they subject to the same conservation program as the rest of the City?

Komiske – no because they do their own irrigation.

- They were at 1 million gallons per day, now down to half a million gallons a day through conservation methods
- They provide their own irrigation by using their arsenic wells and they use the arsenic wells for their boilers too. They have switched to waterless urinals, no outside spigots/faucets, etc. for conservation efforts
- They are the biggest customer we have, 3 times larger than York/Johnson Controls
- They use our wastewater effluent to water the fairways of the Jimmie Austin Golf Course and use potable water to water the greens. They do not pay us for the effluent in exchange for an easement.

Kovach – so in perpetuity are we going to give them free water? What do you think Jeff, can that be revisited?

Bryant – I can go back and look at that agreement, I don't recall when that was done.

Kovach – Wasn't there talk that they wanted to use some more?

Komiske – We are talking to them and entering into negotiations. We are of the opinion that the free water they got, effluent, was back 20 years ago and there has been consistent usage up until now. So, if they want to use more treated effluent water, we will charge them for the additional effluent. They do pay for the chlorine and use their own pumps, but the City will charge an increase for more volume. We will have to do a contract renewal before the rate increases.

Kovach -- always hears what is OU paying? We have to start negotiations in advance. It's prudent to try to get money for any increase in volume for the reuse water. For the potable water, I think we should go for an increase in percentage, not necessarily 100%, but 95%.

Heiple -- Do we have a contract with OU on the utility authority for stormwater?

Bryant - No contract with OU regarding stormwater utility, and we would have to contract with them.

Kovach -- If we have a contract with them, would we have a separate stormwater contract?

Castleberry -- agrees with giving them a discount.

Lewis - OU is paying 100% of the wastewater.

Griffith -- How much effluent does OU use on an annual basis?

Komiske -- Depends, but they could use 10 million gallons a months in the summer months

Kovach - I think a 10% increase is too high, I think a graduated increase to 95% would be a good idea financially.

Komiske -- Briefing of the OWRB board meeting on Tuesday. Our \$50.3 million loan was approved by them. Biggest single wastewater loan they have made, at 2.35% rate, take as long as 20 years to pay back, but looking at a 15 year payback. We will save approximately \$15 million over the life of the loan.

Items submitted for the record:

1. Memo from Ken Komiske, Utilities Director, dated April 10, 2014 to the Finance Committee, OU Contracts
2. Agreement for services with OU # K-0405-55 and #K-0708-71

Item 2, being:

DISCUSSION REGARDING ADMINISTRATIVE FEES FOR HOTEL/MOTEL TAX

Kovach - Included in FYE 15 budget, changed from 3% to 5%

Francisco - and same for administration charge on UNP TIF

Bryant - cautioned that there are no provisions or authorization to charge administrative costs under the UNP TIF project plan. It would be difficult for us to defend, when it is not authorized in the project plan.

Item 4, being:

SUBMISSION OF THE REVENUE/EXPENDITURE REPORTS FOR MARCH 2014

Castleberry – General Fund, reconcile adjusted annual ending fund balance and estimated fund balance.

Francisco – the difference is caused by the difference in time periods; year-to-date at the current month's end, versus projection of year-end fund balance.

Castleberry - March 31 and June 30th is the difference.

Kovach – Where are we with legos reporting?

Heiple - Just want a simplified view of the financial reporting.

Francisco – We will present the next quarterly report in this format. We have the budget-in-brief to help summarize the budget.

Heiple – Asked Joy Hampton what she thought.

Hampton – Discussed opinion on budget format and graphs presented at last night's meeting.

Castleberry – Why are our sales tax collection reports different than the Tax Commission reports?

Francisco – It's a timing difference. The Committee receives reports on actual amounts recorded by fund, at month end. The Tax Commission reports total revenue received by the City, regardless of fund or dedicated purpose.

Items submitted for the record:

1. Summary of Major Funds-General; Capital; Westwood; Water; Water Reclamation; Sewer Maintenance; New Development Excise; Sewer Sales Tax; and Sanitation Fund Revenue Sources vs. Budget, Financial Report as of March 31, 2014.

Item 5, being:

SUBMISSION OF THE REPORT ON OPEN POSITIONS

Kovach - Retail Marketing Coordinator, is part of the problem we are having because the position is different in Norman than other communities?

Lewis – No. We just have not found the right fit.

Castleberry – Is the Assistant Golf Pro position being held vacant?

Lewis – It is vacant and funded. We have been working on the Westwood Business Plan and will bring it to the Committee at the next meeting. We will probably recommend not filling it full-time but part-time instead, and will have savings associated with that.

Heiple – Is the Westwood golf course in the General Fund?

Francisco – No, it is a Special Revenue Fund, but there is a subsidy from the General Fund to the Westwood Fund. There is an inter-fund transfer from the General Fund to the Westwood Fund.

Items submitted for the record:

1. City of Norman/Human Resources Department Recruitment and Selection Report dated March 12, 2014.

Item 6, being:

MISCELLANEOUS DISCUSSION

Heiple - Norman Convention and Visitors Bureau, Dan Schemm, the new director, is knowledgeable and professional.

Kovach – Going back to the positions on hold, the Auto Parts Specialist position will be deleted, right?

Lewis – Correct. We took this position out of the FYE 15 Budget due to the NAPA parts contract.

Heiple – One last question, how much money do we have in investments? Does the Committee want to have a discussion or look at any alternatives that will get us a higher percentage return?

Francisco – State laws restrict what we can really invest in. We are always open to suggestions.

Kovach – There was a discussion on the policy of investments a couple of years ago and we would rather have low investment returns than risk the public's money. I am comfortable with the current investment policy.

Castleberry – Our investment portfolio is really a short-term cash management portfolio.

Francisco - By policy we can go out as long as ten years.

Heiple – I'm okay with what we currently have, but if there is an opportunity to safely consider other investments that we can get additional income from I would be open to that discussion.

The meeting adjourned at 6:20 p.m.

ATTEST:

Brenda Hall

City Clerk

Cindy S Rosenthal

Mayor

