



CITY OF NORMAN, OK CITY COUNCIL STUDY SESSION

Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069

Tuesday, April 18, 2023 at 5:30 PM

MINUTES

It is the policy of the City of Norman that no person or groups of persons shall on the grounds of race, color, religion, ancestry, national origin, age, place of birth, sex, sexual orientation, gender identity or expression, familial status, marital status, including marriage to a person of the same sex, disability, relation, or genetic information, be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in employment activities or in all programs, services, or activities administered by the City, its recipients, sub-recipients, and contractors. In the event of any comments, complaints, modifications, accommodations, alternative formats, and auxiliary aids and services regarding accessibility or inclusion, please contact the ADA Technician at 405-366-5446, Relay Service: 711. To better serve you, five (5) business days' advance notice is preferred.

CALL TO ORDER

Mayor Heikkila called the Meeting to Order at 5:30 p.m.

PRESENT

Mayor Larry Heikkila
Councilmember Ward 1 Austin Ball
Councilmember Ward 2 Lauren Schueler
Councilmember Ward 4 Helen Grant
Councilmember Ward 5 Rarchar Tortorello
Councilmember Ward 6 Elizabeth Foreman
Councilmember Ward 7 Stephen Holman
Councilmember Ward 8 Matthew Peacock

ABSENT

None

AGENDA ITEMS

1. DISCUSSION REGARDING THE PROPOSED FYE 2024 CITY OF NORMAN BUDGET - GENERAL FUND AND SPECIAL REVENUE FUNDS.

Mr. Anthony Francisco, Director of Finance, said the budget document is the most important document the City prepares and is a policy document that is also the financial plan for the City, the departmental operations guide, and a communications device for the public. He said budget discussions begin in November with a mid-year review in January of each year and tonight Council will be presented an overview of the General and Special Revenue Fund Budgets.

Item 1, continued:

Mr. Francisco said Council reviewed the Capital Fund Budget on November 15, 2022; the Finance Committee held a mid-year budget review on January 19, 2023; Capital Funds were discussed February 14, 2023.

Mr. Francisco said the budget document is formatted to lead with a summarized detail and continues into greater detail. He encouraged everyone to read the City Manager's letter in the document because it provides a brief background of everything in the budget proposal. He said the budget also contains frequently asked questions (FAQ), such as the number of City employees; Norman's population; Rainy Day Fund balance; progression of NORMAN FORWARD Projects; etc. The budget also contains organizational charts; sales tax history; unemployment rates; sales tax distribution charts; projected revenues; projected expenditures; property tax distribution charts; revenues by source; expenditures by department; goals and objectives; benchmark comparisons; and a glossary. He said looking forward this is a plan, but in the current year, it is a budget.

Mr. Francisco highlighted Norman's Financial Policies that include a balanced budget requirement (must have a positive fund balance); five-year forecast; operating revenue; capital reserve; debt reserve; investment; levelized utility rates; utility and room tax transfers; and compliance with the Oklahoma Municipal Budget Act.

The Net Revenue Stabilization Fund policies and assumptions adopted in Ordinance O-1011-58 and amended in Ordinance O-1819-10 include a minimum 3% General Fund operating reserve, 1% General Fund emergency reserve, and 5% Rainy Day Fund. The Rainy Day Fund is a savings account to be used for emergency purposes and has a targeted growth of 5% and a maximum of 6%. The City must have a minimum total reserve level of 8% and a maximum total reserve level of 10% in General Fund expenditures. Mr. Francisco said Council cannot appropriate from the Rainy Day Fund balance unless the General Fund balance falls below 1%, the emergency reserve allocation can be spent on a federal or state declared disaster or a one-time major repair/replacement. He said the Rainy Day Fund is currently projected to be above minimum and targeted levels.

Mr. Francisco said the FYE 2023 – FYE 2024 Budget's overriding theme is A Tale of Two Cities, "The Best of Times and The Worst of Times." He said the General Fund and Sales Tax Base Funds, i.e., NORMAN FORWARD, Public Safety Sales Tax (PSST), Public Transit Sales Tax, etc. are pretty healthy and that is unusual. He said the Utility Funds (Water Fund, Wastewater Fund) are not healthy and that is unusual as well.

Item 1, continued:

FYE 2024 projected total revenues are \$261,038,492 and revenue sources include Interfund Transfers – 3%; General Sales Tax – 35%; Other Taxes – 12%; Capital Improvement – 7%; Sewer Excise Tax – 1%; Sewer Maintenance – 1%; Fees and Charges – 23%; Inter-Government – 2%; Other Revenues – 9%; Cost Allocations – 3%; and Internal Charges – 4%. Projected total expenditures in FYE 2025 are \$273,684,137 that include Strategic Support and Criminal Justice – 13.3%; Public Safety – 24%; Public Works – 11%; Water – 11%; Water Reclamation – 7%; Sanitation – 7%; Debt Service – 3.7%; Culture/Recreation – 5.5%; Capital Improvements – 15.4%; Community Development – 2%; and Tax Increment Finance Districts – 0.1%.

FYE 2024 General Fund revenues (\$105,006,886) by source include Transfers – 6.5%; Other Revenues – 2.5%; Internal Charges – 7.4%; Cost Allocations – 5.5%; Interest – 0.2%; License/Fees – 3.1%; Fines/Forfeits – 1.2%; Other Taxes – 2.4%; Franchise Tax – 6.8%; and Sales/Use Tax – 64.4%.

FYE 2024 General Fund expenditures (\$106,306,827) by department include Administrative and Legislature – 5%; Fire – 20%; Finance – 3%; Municipal Court – 1%; Parks – 9%; Human Resources – 2%; Information Technology – 4%; Police – 26%; Planning – 4%; Public Works – 22%; Legal – 2%; and Other – 2%.

Mr. Francisco said the building industry is a proxy for what is happening in the local economy because when the building sector is up, that means materials are being purchased and sales tax responds to that as well as permit revenues.

General Fund major revenue assumptions include sales tax growth projection of 2% from projected FYE 2022-2023 levels; use tax, franchise fee, and other tax revenue is projected to grow by 4% from FYE 2023 levels; fine and forfeiture revenues are projected to grow by 3% from FYE 2023 levels; no room or water rate increase revenue is assumed; license and permits revenue projected to grow by 1% from FYE 2023 levels; transfers from Water and Water Reclamation Utilities of 5% of their revenue (based on private utility payments for taxes and use of right-of-way); transfers from Room Tax for administrative services (4%); and cost allocation charges for central services provided to utilities.

General Fund major expenditure assumptions include salary and benefit category expenses budgeted for each position in FYE 2024 based on contractual costs assuming merit and longevity cost increases; no cost-of-living adjustment budgeted in FYE 2024; five-year projections made to “determine future viability and to provide a base for remedial policy actions”; salary and benefit category costs assumed to grow by 5% per year in FYE 2024-2027; expenditures in Services/Maintenance and Supply/Materials assumed to grow by 1% in FYE 2024-2027; expenditures in Internal Services category based on budgeted costs in FYE 2022 and assumed to grow by 2% in FYE 2024-2027; employee turnover savings of \$800,000 is assumed in FYE 2023 and in future years; and “subsidies” to Public Transit and Westwood Funds to have \$0 fund balance in Special Revenue, if required.

Item 1, continued:

Fiscal Year 2022-2023 personnel changes implemented in the FYE 2024 Budget include closed/eliminated positions – Internal Audit Technician (City Manager); Homeless Technician (Community Development Block Grant (CDBG)); four part-time custodians (Parks); Outreach Case Coordinator (CDBG); Outreach Housing Liaison (CDBG); and Homeless Coordinator (CDBG). Positions added in FYE 24 include Network Engineer (Information Technology); Administrative Technician (CDBG); Long-Range Planner (CDBG); Data Base Manager (Police); one Police Officer; Victim's Advocate (Police); Animal Welfare Technician (Police); Pet Adoption Coordinator (Police); and Golf Operations Manager (Parks).

Councilmember Holman said most cities of Norman's size has an Assistant City Manager so what does the City Manager envision for that position and Mr. Darrel Pyle, City Manager, said that position would have the task to monitor and pay close attention to published agenda from all public agencies inside Cleveland County and neighboring public agencies. He said the City needs to be aware of what these other entities are working on so the City will not cause conflict. He said the position can also be cognizant of internal issues that could be delegated to non-profit agencies instead of the City freeing up Staff time, i.e., litter control, etc. He said the position will also stand-in as Acting City Manager when the City Manager is out of the office for vacation, conferences, meetings, etc.

The FYE 2024 proposed added personnel in the General Fund includes Assistant City Manager (City Manager); Assistant City Attorney (City Attorney); Business Systems Analyst (Information Technology); part-time Geographic Information Systems Intern (Planning); Construction and Facilities Program Manager (Parks/Building Management); and part-time Recreation Technician (Parks/Recreation).

Mr. Francisco said a Fleet Study recommends a fleet replacement budget of \$6 million per year and the Capital Outlay allocation of \$2 million is becoming less adequate. He is recommending a one time General Fund Supplement of \$3.2 million. He said a new police car can cost \$83,000 when fully outfitted and the cost of a grader has increased from \$30,000 to \$300,000. He said vehicles like sanitation trucks, street sweepers, fire trucks, etc., have become quite expensive.

General Fund "Best of Times" recommendations include increased staffing in targeted areas that include Police/Patrol, Police/Animal Welfare, Information Technology, Parks/Recreation, Parks/Building Management; Employee Compensation (recruitment/retention); and Fleet Replacement Supplement.

Item 1, continued:

Mr. Francisco highlighted the PSST Fund that includes two Dispatcher positions added in FYE 2024; personnel additions behind schedule - four School Resource Officers (SROs); critical capital needs are progressing – last allocation for Fire Apparatus; \$9.5 million of American Rescue Plan Act (ARPA) Funds appropriated to complete the Emergency Communications/Operations Center (ECOC); debt for radio system and ECOC will be paid off in FYE 2027; 3/8% of PSST will go to the General Fund and 1/8% will go to the Capital Fund when critical capital needs are completed; and current sales tax and use tax revenues are projected to fund operations without General Fund subsidy.

Councilmember Grant said there had been discussion regarding an ECOC Manager and Mr. Pyle said there are a couple of models of how emergency management personnel operate in neighboring communities. He said the City will have a new base of operations for emergency services and have had internal conversations about improving recruitment and retention of communication officers. In regards to the FYE 2024 Public Safety Study, Staff will craft their idea of what the long-term organizational charts should look like for police and fire and how emergency operation functions fit between the two. He said FYE 2025 would be the perfect time to discuss restructuring.

Special Grants Fund ARPA Entitlement Allocations include ECOC - \$9,500,000; Affordable Housing - \$6,400,000; Lower Imhoff Creek Stabilization - \$3,000,000; Affected Non-Profit Support - \$1,900,000; Norman Economic Development Coalition (NEDC) Business Incubator - \$1,000,000; Arts and Humanities Support - \$100,000; and City Employee Vaccination Incentives - \$82,564.

Mr. Francisco said the Room Tax Fund status includes no assumption of additional revenue from proposed Room Tax Rate Increase (voter referendum on May 9th). If the rate increase is approved an amendment will be considered with final FYE 2024 Budget that consists of an additional \$975,000 to Visit Norman and an additional \$325,000 to Norman Arts Council.

Other Special Revenue Funds include Council on Law Enforcement Education and Training (CLEET); Community Development Block Grant (CDBG) de-emphasizing on services to individuals experiencing homelessness; Seizures and Restitution – Police Fleet Replacement Supplement of \$1,461,780; Public Transit subsidy of \$702,822 for expanded Micro-Transit Services; Art in Public Places; and Westwood Park.

Upcoming meetings include Public Budget Hearing on April 24, 2023; Capital Fund Budgets on May 2, 2023; Enterprise Fund Budgets on May 16, 2023; Public Budget Hearing on May 23, 2023; Optional Budget Study Session on June 6, 2023; Council considers adoption of Budget; and Beginning of Fiscal Year 2023-2024.

Item 1, continued:

Items submitted for the record

1. PowerPoint entitled, "City of Norman Fiscal Year 2023-2024 Budget," dated April 18, 2023

Councilmember Foreman left the meeting at 6:45 p.m.

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2. DISCUSSION REGARDING THE ELECTRIC VEHICLE CHARGING STATIONS PLANNING FOR THE MUNICIPAL COMPLEX.

Ms. Michele Loudenback, Environmental and Sustainability Manager, said in 1995 the Association of Oklahoma Governments (ACOG) created the Clean Cities Coalition and Norman has become a leader. In 2008, under the City's Fuel Conservation Policy drivers of city vehicles are not allowed to idle more than five minutes, require car pooling when driver's are going to the same location, etc. Under the Alternative Fuel Program, Norman has been ahead of the curve by allowing the City to look at Compressed Natural Gas (CNG) vehicles; however, language was written to allow the City to look at all types of alternative fuel, not just CNG or electric vehicles (EVs). She said the City has a CNG Fueling Station and in 2018, the Environmental Control Advisory Board (ECAB) created additional language to the Climate Protection Agreement. In 2018, the City also began discussion regarding Ready 100 regarding energy savings, i.e., solar panels, wind farms, etc. In 2019, the City received grant funds from the Oklahoma Department of Environmental Quality (ODEQ) through the Volkswagen Settlement Fund that allowed the City to install EV charging stations for the City's electric busses and other EV vehicles.

Ms. Loudenback said the Municipal Complex Electric Vehicle (EV) Charging Station Project includes EV charging stations at the Municipal Complex (201 West Gray) that is proposed to include using 13 parking spaces, but was pared down to 12 spaces as the charging station requires one space. She said when the project was in the planning stages in 2021, the estimated cost was \$246,000 with a City match of 24.5%, but those costs have increased to \$368,158. She said the grant in the amount of \$186,000 would increase the City's match to \$182,000 so instead of a 24.5% match it would be a 40.5%, which is \$123,000 over original estimates due to inflation. She said this is a huge increase and would typically be outrageously off the mark; however, besides inflation, the City only needs two EV charging stations making it a difficult project to bid leading to a lack of vendors. She said options include appropriating the additional money and proceeding with the project or ending the project with plans to reapply for the grant funding next year.

Councilmembers preferred revisiting the project and applying for grant funding next year.

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ADJOURNMENT

The meeting was adjourned at 7:12 p.m.

ATTEST:

Brenda Hall

City Clerk

Shasee

Mayor

