



CITY OF NORMAN, OK
CITY COUNCIL FINANCE COMMITTEE MEETING
Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069
Thursday, May 18, 2023 at 4:00 PM

MINUTES

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 18th day of May, 2023, and notice of agenda of the meeting were posted in the Municipal Building at 201 West Gray, 24 hours prior to the beginning of the meeting.

ROLL

PRESENT

Mayor Larry Heikkila

ABSENT

Councilmember Ward 3 Kelly Lynn

Councilmember Ward 6 Elizabeth Foreman

OTHERS

Councilmember Ward 2 Lauren Schueler

Councilmember Ward 4 Hellen Grant

Councilmember Ward 7 Stephen Holman

Darrel Pyle, City Manager

Anthony Francisco, Director of Finance

Kathryn Walker, City Attorney

Kim Coffman, Budget Manager

Jacob Huckabaa, Budget Technician

Dannielle Risenhoover, Administrative Tech. IV

Shawn O'Leary, Director of Public Works

Joseph Hill, Streets Supervisor

Scott Sturtz, City Engineer

Jason Olsen, Director of Parks and Recreation

Chris Mattingly, Director of Utilities

CALL TO ORDER

Mayor Heikkila called the meeting to order at approximately 4:00 PM.

AGENDA ITEMS

1. DISCUSSION REGARDING THE FYE 2024 CITY OF NORMAN BUDGET.

Anthony Francisco gave the report. He stated that the City Manager's budget has been presented to Norman City Council in a series of study sessions. Some proposed budget amendments have been brought forward by staff and individual Councilmembers. These amendments were discussed and the Committee determined if they wanted to forward these amendments on for full Council review. The following amendments were discussed:

A. There is an amendment to appropriate interest payments for General Obligation Bonds, 2023A and 2023B. These bonds will be paid through property taxes. The Committee did not show any concerns regarding this amendment.

B. The estimated revenue from the Room Tax rate increase is now projected to increase revenue an additional \$1,275,000. These funds would be allocated as follows: \$51,000 increase for Administrative Fees, \$306,000 increase for Arts & Humanities and \$918,000 increase for the Visitor's Bureau. The Committee did not show any concerns regarding this amendment.

C. Amendment number three is to appropriate an additional \$50,000 for Water and Wastewater Treatment Plant solar administrative fees due to an increase in electricity fees that weren't anticipated. The Committee did not show any concerns regarding this amendment.

D. Amendment number four is to appropriate funds for the Reed Avenue curb & gutter project. This project is scoped to cost \$25,000. This cost would cover the design of improvements along the west side of Reed Ave. between Main St. and Eufaula St. and include the evaluation of surface drainage, roadway width, and feasibility of a modified curb section. Councilmember Grant prefers that the funds come from the General Fund and not the 144th Avenue NE project as previously suggested.

E. There is an amendment to approve the additional \$4,000 funding request from The Depot. This would allocate \$11,800 to The Depot for Fiscal Year End 2024 (FYE24) instead of \$7800 which was initially proposed. The Committee did not show any concerns about this amendment.

F. There is an amendment to approve a \$10,000 new funding request from Norman Music Festival. More information has been requested by the Committee regarding the financial needs of Norman Music Festival. The Committee would like to allocate funds to the Festival for fiscal year 23 once their funding need has been determined.

G. Amendment number seven is to appropriate \$300,000 for an Americans with Disabilities Act (ADA) Compliance project. Per Councilmember Grant's request and upon agreement of other members, these funds will come from the General Fund in FYE24 and the goal being that these funds come out of the Capital Fund in the future.

H. The Downtown Parking Meter Program has been eliminated, which will reduce the capital budget by \$35,890. The Committee did not show any concerns regarding this amendment.

I. There is an amendment to increase utility budgets in the Public Transportation Fund for the new Transit Center by \$12,640. This line item increases allocations to telephone, wireless data, electricity, natural gas, water, sewer, trash and other utility accounts in the Public Transportation Fund. The Committee did not show any concerns about this amendment.

J. The Public Safety Sales Tax (PSST) Fire Apparatus allocation of \$2,100,000 has been the topic of significant Council discussion. There is a high enough fund balance in the Public Safety Sales Tax Fund to pay for the requested ladder truck in FYE 2024. Darrel Pyle stated, "With the good sales tax revenue, the (PSST) fund has not required a subsidy from the General Fund, so the (PSST) fund balance kind of accumulated."

Mayor Heikkila stated, "We would be better off moving Fire Station Five from its present location to Clear Bay, or wherever we're going to move it. Using that amount of money to do that would get us substantially along the way to getting that project finished; that was a promise. I know we need good fire equipment, but we have one ladder truck that doesn't seem to be manned all the way, if I'm understanding all the management. I know it's an important thing, but so are the living conditions for those guys that are out at 'Five's'. It's deplorable. It's not a bad allocation. There's nothing morally ignorant about doing it, it's just that I would rather put it towards (Station) Five." Heikkila supported his reasoning by stating that the Station Five officer does not have an office work space; all genders share the same sleeping space; sanitation conditions, as well as water quality, is poor; and the station floods.

According to Director of Parks and Recreation, Jason Olsen, the City has received a cost estimate of \$6.5 – \$7 million to build the new fire station that is up for consideration. This estimate does not include the purchase of any land. City Manager Darrel Pyle brought awareness to the possibility of a turnpike being built through Norman and the questions it poses for the location of a new fire station. Anthony Francisco, Director of Finance said, "When we were first discussing the General Fund surplus, we mentioned considering a large project like this. Since you have \$14 million (General Fund surplus), you might want to knock off that critical capital need in its entirety and then the PSST Fund would be in the position to not have any more critical capital needs to address." The other option could be to use the General Fund surplus to pay off the original PSST debt issuance early.

City Manager Darrel Pyle said, "Saving on interest payments is always a plus. It's just more money to put back into the program. If that were to happen during this upcoming fiscal year and it saves some interest income, you get that RFP to determine where you're going to build, (determine) whether or not a land acquisition is required to put it (fire station) where the study says we probably need to put it."

Anthony Francisco confirmed that once the bond debt is paid off and all of the critical capital projects are completed, the Public Safety Sales Tax revenue moves into the General Fund. Francisco stated that after the debt service payments are made in FYE24, there will be \$6,885,000 in principal left to be paid.

Councilmember Holman asked if other funding options to build the new fire station had been explored and raised questions about the rural fire district legislation that was passed. Francisco stated that he believed the legislation requires rural property owners to petition for a fire station to serve their area and that it operates much like an assessment district. Darrel Pyle stated that the City has not seen any rules of engagement for a federal infrastructure package that would allow federal funding for a fire station.

Pyle stated, "We know we've got a ladder truck that Council is very much interested in, we know we've got Fire Station Five, voter approved – we're interested in that, if we look at existing PSST Fund balance, existing General Fund surplus, if you'll let us work on that for a couple of days and put together a couple of alternatives that you may consider as the path forward, that may

allow you to accomplish the need in the time frame that meets up with when you'll get the data back on your RFP. We know the build time on the ladder truck is a year plus."

Mayor Heikkila responded by saying, "In taking from the General Fund – I'm afraid about the water tax vote, our rate increase vote on water. If we have to bail out (replace dilapidating water infrastructure), we have to have money to do that. There are no promises coming down the pipe."

Pyle responded by saying, "We know that the ability to control the pennies left in the checkbook in the Water Fund go directly to how quickly Chris (Director of Utilities) tackles capital projects. In the event there was a catastrophic line failure and Chris's checkbook is empty, we would say, 'That's a water line that we have to fix.' Could the Water Fund pay the General Fund back? Yes. That could be set up as a loan from the General Fund to the Water Fund in the event of an emergency. It would be at portfolio interest rates, so it'd be a great interest rate."

It was noted by Councilmember Holman and Anthony Francisco that the PSST Fund apparatus replacement program committed to a budgeted amount *for* vehicles, not a number *of* vehicles. There is approximately \$1 million left in the PSST Fund apparatus allocation. Holman stated, "The Chief definitely seems to believe that this vehicle is needed, so I do want to find a way to get it; but, I also agree with the Mayor too about Fire Station Five."

Pyle stated, "The advantage, unfortunately, is a long build time on the apparatus and recognizing that you're not going to build a fire station in one fiscal year. I think we can put together a couple of Gantt charts with what we think the draw schedule would be. When do we need to pay and how much for the truck? When do we need to pay and how much for construction? We may be able to span this solution over a couple of fiscal years and really put PSST in a good place and the General Fund in a good place, being able to accomplish both tasks. So it's not one massive punch to the budget; it'll be littler bites over a couple of fiscal years. We'll bring this back to you to show you what it would look like."

K. The constructing of additional sidewalks in Ward 7 and a sidewalk from the corner of Rock Creek Road & Flood to Stubbeman have been requested for FYE24. While the City uses a ranking system to prioritize sidewalk installations and repairs, several more requests have been prioritized higher. The City's ranking system is based on street classification (arterial street vs. local street), if the sidewalk would be on a transit route, is the location near a school, condition of the current sidewalk and if a sidewalk is absent, if the sidewalk is or is not ADA compliant, age of the request to fix/update/install the sidewalk, number of requests to fix/update/install sidewalk. There was Committee consensus to move forward with the additional allocations for the following sidewalk installations out of the General Fund:

- George Ave. from Lindsey Street to Madison Elementary East Side for \$119,435
- College Ave. from Lindsey Street to Hoover Street for \$56,220
- US 77/Classen Blvd. from Highway 9 to ¼ North West Side for \$20,980

There was also Committee consensus to allocate a "to be determined" lump sum of money to the Association of Central Oklahoma Governments (ACOG), Federal Grant Program. This program will pay 80% of the costs associated with sidewalk installation while the City would be responsible for the remaining 20% of charges.

Shawn O’Leary, Director of Public Works stated, “I think a million dollar grant application is likely, easily; so, a couple hundred thousand (\$200,000) in City contributions for now.”

There was Committee consensus that \$200,000 from the General Fund be allocated for the Federal Grant Sidewalk Program and that approximately \$20,000 from the General Fund will be allocated for sidewalk construction from Rock Creek Road & Flood to Stubbeman to fill-in the existing sidewalk gap.

L. It has been proposed that there be a re-appropriation of \$789,000 back into the Norman Forward Griffin Park remodel budget. These funds are a reduced appropriation item from FYE23 due to previous cash flow problems in the Norman Forward Fund. This amendment puts the appropriation back into the Norman Forward, Griffin Park budget for FYE24. The Committee did not show any concerns regarding this amendment.

M. It has been proposed that there be a \$533,041 reduction of estimated revenue in the Water Reclamation Fund, FYE24 budget due to the sewer replacement charge being eliminated. Per Francisco, “This gets the estimated revenue closer to reality.” The Committee did not show any concerns regarding this amendment.

N. It has been proposed that the City allocate \$75,000/year for 5 years to a mural program. There is a possibility that the Norman Arts Council may match the City’s contribution to this program. The Committee agreed to allocate \$75,000/year for two years to this program.

The City of Norman FYE24 budget will be considered for full adoption in June.

Items submitted for the record: Fiscal Year 2024 Budget Report

2. DISCUSSION REGARDING MONTHLY REVENUE AND EXPENDITURE REPORTS.

Anthony Francisco gave the update. He stated, “The revenue from this month was flat, but again, flat is good.” The City is about six months out from seeing the school bond approval money being spent. “During FYE 2024 some of those dollars will begin to make their way out to the local economy,” Darrel Pyle.

Items submitted for the record: Fiscal Year 2024 Monthly Revenue and Expenditure Reports

ADJOURNMENT

Mayor Heikkila adjourned the meeting at 5:38 PM.

ATTEST:

City Clerk

Mayor