



CITY OF NORMAN, OK
CITY COUNCIL FINANCE COMMITTEE MEETING
Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069
Thursday, November 21, 2024 at 4:00 PM

MINUTES

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met in Regular Session in the Executive Conference Room in the Municipal Building, on Thursday, November 21, 2024 at 4:00 PM, and notice of the agenda of the meeting was posted at the Norman Municipal Building at 201 West Gray and on the City website at least 24 hours prior to the beginning of the meeting.

CALL TO ORDER

PRESENT

Mayor Larry Heikkila
Councilmember Ward 4 Helen Grant

ABSENT

Councilmember Ward 3 Bree Montoya
Councilmember Ward 6 Josh Hinkle

OTHERS

Councilmember Ward 7 Stephen Holman
Anthony Francisco, Director of Finance
Dannielle Risenhoover, Admin. Tech IV
Jacob Huckabaa, Budget Technician
Kim Coffman, Budget Manager
Rick Knighton, Interim City Attorney
Jeanne Snider, Asst. City Attorney
Shaakira Calnick, City Auditor
Mindy Aynes, Municipal Accountant
Clint Mercer, Chief Accountant
Joel Haaser, Forvis/Mazars
Kirsty Morrison, Forvis/Mazars
Janita Hatley, Code Compliance Inspector
William Andrews, Communications & Engagement Coordinator

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

AGENDA ITEMS

1. DISCUSSION REGARDING THE PRELIMINARY FYE 2024 CITY OF NORMAN AUDIT.

Anthony Francisco introduced City of Norman Chief Accountant Clint Mercer and Forvis Mazars Auditors Joel Haaser and Kirsty Morrison. The auditors completed their review of the City's financial statements and preliminary fiscal year 2024 audit information was presented to the Committee. "We're pretty much into the final review phase. We plan to issue you an unmodified, clean opinion; no findings, nothing to report there," Haaser stated. "Overall, the City had a good year. The City had about \$30 million in net income essentially." The City's Water Fund debt service requirements and coverage has improved after last year's audit helped prompt a public vote for a water rate increase. Anthony Francisco estimates that about \$20 million in the Water Fund is related to this rate increase. Forvis Mazars' goal is to finalize their audit opinion by December 3, 2025 and present it to City Council before January 1, 2025.

Mayor Heikkila thanked the auditors and Haaser said, "Good news is always fun to deliver."

Francisco said, "I just want to recognize Clint and his staff, Debbie and some other folks who do a great job. We take it for granted and we shouldn't, that we get these "unmodified" opinions."

Haaser replied, "Yeah, it's actually more common, probably, for a lot of cities to not get good opinions; so, it is a testament to you guys and staffing. You really have a treasure with Anthony. He's a wealth of knowledge."

A federal mandate was recently issued requiring cities to replace their lead pipe water lines. Francisco reminded Councilmembers that citizens would be getting a letter regarding lead pipe replacement within the City. "The Water Utility Department has completed their inventory of where the lead pipes are in town and letters have gone out to those folks to let them know that they're going to have to fix this at some point," Francisco said. Other cities across the nation have also issued notifications to their residents.

2. DISCUSSION REGARDING A POTENTIAL AMENDMENT TO THE GUEST ROOM TAX ORDINANCE TO INCLUDE RECREATIONAL VEHICLE (RV) PARKS.

Assistant City Attorney Jeanne Snider stated, "When you go to the definition of what is a hotel, a RV parking spot for a personal RV is not listed in the definition of hotel; so, after talking to Rick (Knighton) we may have to go to the vote of the people because it would be taxing a new class."

According to Snider there are three local RV parks: one at Lake Thunderbird, one at the Cleveland County Fairgrounds, and one at the University of Oklahoma. There is a fourth RV park not yet built, but under civil plan review. This park is being called Liberty Park and could possibly have 461 RV lots and 123 cabins. "I don't think we can tax a parking spot," Snider said. "If they did the cabins, that would be 123 short-term rentals that they would have to license."

Code Compliance Inspector Janita Hatley said, "It (Liberty Park) will fall under a mobile home park/trailer park ordinance, so they'll have to get an annual license from the City. It's \$10 per space that we charge, one time a year, and we do an inspection."

The City has around 350 short-term rentals. From July 1, 2024 to October 31, 2024, the City received almost \$175,000 in Room Tax on short-term rentals. The annual fee to operate a short-term rental is \$150; there is also a \$50 annual inspection fee.

Councilmember Grant said, "I know that short-term rentals and redoing the ordinance – we want to work it through the Committee soon. I had brought up raising some permit fees, one of them was raising the noise ordinance fee."

Mayor Heikkila looked to Snider and Interim City Attorney Rick Knighton saying, "When we're thinking about ordinances for RV parks and that kind of a thing, your personal advice or the advice of you guys is, 'pretty much not worth it?'"

Knighton replied, "Sometimes the legislature will enact a fee as opposed to a tax as a way to get around the requirement that 'taxes go to a vote of the people.'" The distinction between a fee and a tax is, a tax can generally be used for any governmental purposes, whereas a fee is supposed to be limited to whatever you collected the fee for. That fee really is supposed to be for the purpose of offsetting the cost of administering the regulations, so if you charge one fee, code has to go out and inspect every one of those particular cottages; so, the fee is supposed to be for the purpose of offsetting that cost. Unless the fee amount was going to be relatively low for those RV parks, you probably couldn't justify doing a fee because there really isn't a whole lot of work that we would be doing administratively with regard to those particular spaces. If you did it as a tax, it has to go to a vote of the people." Knighton continued, "If we were going to overhaul these provisions entirely, it would make sense to do it in that respect. For example, if you wanted to put up another vote to raise the hotel-motel tax rate or some other provision that you were going to sort of pair with that, it may make sense. Elections cost us about \$20,000 so the question would be, even if you had this one (RV Park) that you're anticipating, would it really be worth it to spend \$20,000 to go to an election when the revenue that you're going to get from taxing those particular activities wouldn't be that significant?"

After clarifying that the original question posed to the City's legal staff was, "Does this (RVs) fall under the existing room tax code?" Anthony Francisco stated, "What I'm hearing them say is 'no,' but if you wanted to make it so - you would have to go to a vote of the people; and, I'm also kind of hearing consensus to saying we don't want to go to a vote of the people just for that."

Councilmember Grant said, "I think that there's the thought that we could come back and ask for that (Room Tax) to be raised. I don't think it's something to put the pedal to the metal on, but I do foresee maybe asking in the future."

Councilmember Holman said, "My thought would be not a question to increase the rate again but a question to include this entity or not. I would agree, I wouldn't want it to be the only thing we put out at an election." Councilmember Holman would like to know if other college towns tax RV spaces.

3. DISCUSSION REGARDING MONTHLY REVENUE AND EXPENDITURE REPORTS.

Anthony Francisco gave the report. November was not a good month for Sales Tax revenue. It was down about 6% from last year. Francisco called the current Sales Tax revenue trend "a for real concern" with the Sales Tax revenue for several consecutive fiscal year 2025 months coming in negative. Francisco will continue to monitor this as well as the enforcement of the state's Grocery Sales Tax and its impact on the City. "As an observer of the economy, all the trends would point toward the fiscal stimulus that was impacting the economy since COVID has worked its way through. The Federal Reserve is doing a really good job of trying to engineer

what they call a 'soft landing,' but we're moving down and how far down we go is depending on a lot of things. The overall mega-trends of the economy are negative – they're not good," Francisco said. In Francisco's opinion the budget for the coming year will be more conservative and project funding will be more restricted.

Councilmember Grant mentioned that an infrastructure project had been identified in Ward 7. The potential project is the construction of a bridge at Cedar Lane and Jenkins. Francisco believes that funding the bridge through tax increment financing or General Obligation Bonds might be the best source of revenue for this project.

ADJOURNMENT

Mayor Heikkila adjourned the meeting at approximately 5:00 PM.

ATTEST:


City Clerk



Mayor

