



CITY OF NORMAN, OK
CITY COUNCIL FINANCE COMMITTEE MEETING
Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069
Thursday, January 15, 2026 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, January 15, 2026 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

Councilmember Ward 1 David Gandesbery
Councilmember Ward 4 Helen Grant

ABSENT

Councilmember Ward 6 Chair Joshua Hinkle
Councilmember Ward 3 Robert Bruce

OTHERS

Mayor Stephen Holman
Councilmember Ward 8 Scott Dixon
Clint Mercer, Chief Accountant
Chris Mattingly, Director of Utilities
Darrel Pyle, City Manager
Jacob Huckabaa, Budget Analyst
Jason Olsen, Director of Parks & Recreation
Kathryn Walker, Asst. City Attorney
Kim Coffman, Budget Manager
Scott Martin, President of Norman Chamber of Commerce
Taylor Johnson, Transit & Parking Program Manager
Bryce Holland, Multimedia Specialist

AGENDA ITEMS

1. DISCUSSION REGARDING THE MID-YEAR BUDGET REVIEW.

Kim Coffman gave the report. Coffman explained that the mid-year budget review holds the following purposes: it gives Council a picture of the City's funds after the prior year audit has been completed; it allows Council to course correct if necessary; and it presents the question to Council as to whether or not they want to add funds to the Rainy Day Fund or remove funds from the Rainy Day Fund.

Revenue came in slightly below what was estimated for fiscal year 2025, but expenses also came in slightly below what was estimated. There was a lower subsidy to the Public Safety

Sales Tax Oversight (PSST) Fund than anticipated. This was due to purchase orders that haven't been paid yet. Mayor Holman stated, "Just for discussion's sake, it (the PSST Fund) has obligations and the tax itself doesn't generate enough to cover all of it (obligations) by itself." Coffman said, "That's correct, especially since the additional four School Resource Officers were added."

The ending fund balance for the City of Norman was \$11.66 million. This is approximately \$400,000 less than what was projected.

City Manager Darrel Pyle stated, "As we go through the budget development process, we'll review all of those purchase orders (POs). If any of those purchase orders were issued, but the project's not going to happen, or the purchase isn't going to happen, we'll cancel the PO and the dollars that were reserved for it - they stay in fund balance and move forward to the next fiscal year."

It is voter approved that 7/10 of 1% of the City's sales tax revenue be earmarked specifically for capital purchases. "That's about \$18 million worth of General Fund revenue that the voters have said, 'we don't want you to use it for operations, it's for capital only,'" Pyle said. "It's wonderful because we have dollars available to help us achieve the capital needs that every organization has. The challenge, when it has a real hard earmark, is that we have no flexibility on \$18 million of General Fund revenue."

The fiscal year 2026 beginning General Fund balance is \$11.6 million. Subsidies did increase some, as in the case of the PSST Fund which required a \$1.4 million subsidy. The Insurance Fund has required an approximate \$800,000 subsidy within the first six months of the fiscal year. "That leaves us with \$4.9 million as the estimated, ending fund balance in the current fiscal year," Coffman said. That puts the City \$1.6 million over the required 3% reserve for operations. Coffman has projected a 1% sales tax increase and 4% use tax increase for fiscal year 2027, bringing the projected revenue to \$110.8 million.

"We acknowledge that our dwindling fund balance is an issue," said Coffman. "We need to build that back up to a healthier level. One option we have is to freeze expenses for fiscal year 27 at the current year levels, and that is what I have projected." It is expected that the PSST Fund will require a \$336,000 subsidy from the General Fund. According to Coffman, this budget puts \$1.5 million back into the General Fund leaving the City 3.3% more than the 3% required reserve.

In fiscal year 2026, the Net Stabilization Fund, also referred to as the "Rainy Day Fund," has exceeded the 5% minimum balance. "This gives you the opportunity to decide if you want to deposit the \$463,021 from the General Fund to bring this to the target or if you want to leave it as-is," Coffman said. Darrel Pyle added, "Staff's recommendation, since we exceed the minimum by a pretty comfortable margin and that revenues have been stagnant, we would continue into next budget development under the same philosophy. You have adopted financial policies that lay out the rules by which these dollars would be accessible; so, as long as the criteria doesn't meet, this money just rolls along and is available for a future potential emergency." It is written into policy that money taken from this reserve needs to be paid back within three years.

The PSST Fund was left with a balance of \$54,145 for fiscal year 25. Per the City's 2026 contract with Norman Public Schools (NPS), the City is expected to receive \$541,859 in reimbursements for the School Resource Officer (SRO) program. Coffman said, "This is less than what was budgeted at \$557,000. We budgeted a 5% increase over prior year, and the contract only allowed for a 2% increase." Councilmember Grant showed concern for SRO overtime and asked

that staff be mindful of that when negotiating the next contract with NPS. Councilmember Gandesbery added, "I had a conversation with the (Police) Chief and the (Police) Major about the contract as it is written currently with the Norman Public School system; and we looked at the contract of Cleveland County (Sheriff's Department) that they just signed with the Norman Public School system. Cleveland County's strictly says that they will not work any overtime whatsoever, they will supply less than half the amount of officers, they can be first year officers straight off training and everything, they won't work anything over fourth grade level, and they're making \$300,000 more per year than what our current contract states. Our contract, when you add in what overtime should cost, compared to how much we're getting reimbursed, it was about a \$2.2 million difference on the contract compared to what we actually got reimbursed. The Major and the Chief both stated that they're aware of the overtime and that most of it comes from the SOR's." Gandesbery said that he definitely wants somebody to take a hard look at the contract and that it needs to be fair. Kim Coffman said that for fiscal year 2025, the SRO's incurred just over \$300,000 in overtime for attending after school events. The current SRO contract with NPS requires NPS to reimburse up to \$165,000 in overtime charges, the remaining overtime charges are paid out of the City's budget.

For fiscal year 2027, Coffman doesn't believe that Park Capital project funds will be appropriated for Fund 23. "It doesn't look like we're going to appropriate funds for projects so that Parks can build their reserve back up," Coffman said. "Of course, if we increase the room tax rate, then that'll be a different story."

The Public Transportation Parking Fund had just over \$1 million in reserves for fiscal year 2025. It is expected to require a subsidy in the current year of \$39,000. Coffman believes that with the removal of micro-transit, this fund will not require a subsidy in fiscal year 2027 but will require a subsidy in fiscal year 2028 because sales tax is not growing fast enough to keep up with expenses.

The decision was made that employee health care premiums would not be raised in fiscal year 2026. It was estimated that the Risk Management Fund would end fiscal year 2025 with \$1.7 million in reserves, but the year ended with \$577,000 in reserves due to the increase in claim costs. There is currently a deficit of \$804,000 in this fund due to continued claim costs. Coffman said, "We need some kind of substantial resolution in the current fiscal year before (FY) 27." City Manager Darrel Pyle stated that the City does have stop-loss coverage, "When we hit the stop-loss, we go out through the billing process to bill our stop-loss carrier, and we're able to put some of those dollars back into the system." The stop-loss coverage carrier starts making payments after the City, being self-insured, has paid \$250,000 per incident, toward an individual's claims. Judgments and claims against the City are also paid utilizing the Risk Management Fund.

The Capital Fund closed out fiscal year 2025 with \$70 million instead of the budgeted \$30 million. This was due to some budgeted projects not getting completed. "That's typical," Coffman said. "We can only, realistically, complete portions of capital projects even though we budget for the entire project." Voters approved a \$50 million Bridge Bond Program. The revenue for this program includes bond proceeds, GO-bonds, and 7/10% sales tax proceeds. "In the last month, we've received \$44 million in funding notifications for transportation projects," Pyle said. "We'll make sure we are timely, effective, and efficient with the bond proceeds from the bridge bonds. Those bridges won't get healthier unless we really focus in on them." The total expenses for FY26 is estimated at \$88 million with an ending fund balance of \$55.7 million. "Everything looks good on the Capital Fund side," Coffman said.

The majority of the Norman Forward projects have been completed. This Fund is estimated to end the year with a \$7.7 million balance. "We may want to add some new eligible projects to Norman Forward to use up this fund balance," Coffman said. "This surplus, this fund balance surplus, is going to grow by about \$4 million a year; so, by 2031 you will have about \$22 million in there if we don't find projects for it." Saxon Park and River Park are still unfinished projects.

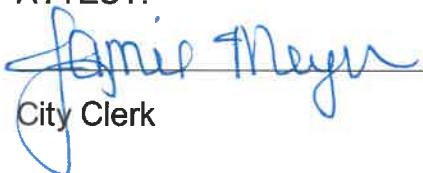
2. DISCUSSION REGARDING MONTHLY REVENUE AND EXPENDITURE REPORTS.

The monthly revenue and expenditure reports were presented to the Committee for review. Coffman stated that she would be happy to answer any questions regarding these reports. Councilmember Dixon commented that except for the Information Technology Department, all departments are under their budget. "Great job everybody," Dixon said.

ADJOURNMENT

Mayor Holman adjourned the meeting at approximately 5:20 PM.

ATTEST:


Jamie Meyer
City Clerk




STH

Stephen Tyler Holman, Mayor