



CITY OF NORMAN, OK CITY COUNCIL STUDY SESSION

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

Tuesday, April 15, 2025 at 5:00 PM

MINUTES

The City Council Study Session of the City of Norman, Cleveland County, State of Oklahoma, met in Regular Session in the Executive Conference Room in the Municipal Building, on Tuesday, April 15, 2025 at 5:00 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.

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CALL TO ORDER

Mayor Heikkila called the meeting to order at 5:00 p.m.

PRESENT

Mayor Larry Heikkila
Councilmember Ward 1 Austin Ball
Councilmember Ward 2 Matthew Peacock
Councilmember Ward 3 Bree Montoya
Councilmember Ward 4 Helen Grant
Councilmember Ward 5 Michael Nash
Councilmember Ward 6 Joshua Hinkle
Councilmember Ward 8 Scott Dixon

ABSENT

Councilmember Ward 7 Stephen Holman

OTHERS PRESENT

Darrel Pyle, City Manager

Kimberly Coffman, Budget Manager

Brenda Hall, City Clerk

Jason Olsen, Parks and Recreation Director

Rickey Knighton, City Attorney

Scott Sturtz, Public Works Director

Tim Powers, Director of Information Technology

Shannon Stevenson, Assistant City Manager

Chris Mattingly, Utilities Director

Travis King, Fire Chief

Kevin Foster, Police Chief

Lisa Kreig, Grants Manager

Jane Hudson, Planning and Community Development Director

Taylor Johnson, Transit and Parking Program Manager

AGENDA ITEMS

1. DISCUSSION REGARDING THE PROPOSED FYE 2026 CITY OF NORMAN BUDGET - GENERAL FUND AND SPECIAL REVENUE FUNDS.

Presenter: Kimberly Coffman, Budget Manager

Overview

- Ms. Coffman opened the FY 2026 budget presentation series and thanked department heads, the City Manager, and staff for their work on the 10-month budget process.
- Theme for FY 2026: "Holding the line & efficiency optimization."
- The budget serves as: policy document, financial plan (with five-year projections), operations guide, accountability tool, and public communication device.

Budget Documents & Organization

- Full Proposed Budget (operating + capital) and a supplemental Capital Project Book are available in print and online (PDFs).
- Front sections include the City Manager's letter (economic/revenue outlook), community profile and benchmarks, financial policies, and fund-level summaries with five-year forecasts; departmental mission/goals and CIP summaries appear in detail sections.

Fund Structure & Clarifications

- 23 funds: General Fund; Special Revenue (e.g., PSS T, Room Tax, Seizures/Restitution, Grants); Enterprise (utilities); Internal Service; Capital Projects; Debt Service.
- Civil asset forfeiture revenues reside in Seizures & Restitution (Special Revenue).

Reserve Policies (Net Revenue Stabilization & Rainy Day)

- General Fund: minimum 3% operational reserve (fund balance) + 1% emergency allocation (appropriated).
- Rainy Day Fund: minimum 4%, target 5%, max 7% of GF budgeted expenditures.
- Use of Rainy Day funds limited to emergencies, disasters, or major one-time repairs after the 1% emergency allocation is exhausted.
- FY 2026 Rainy Day projected above 4% minimum but ~\$446,000 below the 5% target.

Item 1, continued

Revenues & Expenditures — High-Level

- All Funds – FY 2026 (proposed):
 - Total Revenues: \$316,899,864 ($\approx +3\%$ vs. FY 2025, driven by fees/charges, other taxes, and bond proceeds; sales/use tax projected flat).
 - Total Expenditures: \$295,251,765 ($\approx -1\%$ vs. FY 2025, largely due to lower capital outlay in certain funds).
- General Fund (GF):
 - Revenues: $\sim 1\%$ decrease vs. FY 2025 (primarily due to cost allocation methodology changes).
 - Expenditures: \$111,222,714 ($\approx +2\%$ vs. FY 2025), reflecting personnel cost growth; personnel comprise $\sim 70\%$ of GF spending.
 - Sales/use tax flat in FY 2026 (contrast: OKC reportedly assuming $\sim 2\%$ growth).
 - Clarified that “balanced budget” may include planned use of beginning fund balance; statute requires positive ending fund balance by fund.

Key Assumptions (GF)

- Revenue assumptions: Sales/use tax 0% growth; modest growth in licenses/permits, fees, other revenues ($\approx 1-3\%$ categories), and investment income ($\sim 2\%$); continued utility/room tax admin transfers and cost allocation (reduced per new study).
- Expenditure assumptions: Position costs per contracts; no COLA assumed; out-years (FY 2027–2030) model 5% personnel, 1% supplies/services, 2% internal services.
- Turnover savings: \$800,000 assumed from vacancies/attrition; strategic timing for recruitments (not a hiring freeze).
- Operating costs: Fuel estimates flat; continued prioritization of IT replacements, fleet decisions based on cost-effectiveness, and PPE.

Context & Trends

- Sales/use tax trend: Strong post-COVID surge (FY 2020–2022) followed by flat performance across FY 2022–2025 ($\sim \$1\text{M}$ swing band), informing the “hold the line” posture.
- Construction activity: Single-family permits dipped in 2023 with higher costs/interest rates; signs of recovery in 2024.
- Staffing history: Additions in FY 2022–2024 (notably YFAC operations) with net stability into FY 2025–2026; no layoffs—reductions via vacancy management.

Special Revenue Funds — Highlights

- Public Safety Sales Tax (PSST):
 - Funds personnel, vehicles/equipment, and critical capital (radio system, ECO Center, Fire Station #5 relocation/rebuild).
 - ECO substantially complete; radio/ECO debt retires in FY 2027.
 - After critical capital completion, PSST revenue reallocates 38% to GF and $\frac{1}{8}\%$ to Capital Fund (along with the associated costs).
 - Subsidies: $\sim \$2.6\text{M}$ in FY 2025 (ECO ramp-up); projected \$482k in FY 2026.
- Room Tax (8% as of 2023):
 - FY 2026 revenues projected $+6\%$ vs. FY 2025; ending balance largely reserved for park development; mid-year appropriations may be requested for projects.

Item 1, continued

- Young Family Athletic Center (YFAC Fund):
 - Operations began in 2024; 5 FT / 22 PT staff.
 - Retail space operator secured; opening anticipated soon; concessions and NRHS spaces active.
 - FY 2026 revenues reduced vs. FY 2025 (membership projections normalized); no GF subsidy required due to beginning fund balance.
- Seizures & Restitution:
 - No budgeted seizure revenue; FY 2025 ending balance ~\$1.1M.
 - FY 2026 proposed allocations ~\$728k: ~\$600k for eight police vehicles; \$30k for Pivot Community Intervention Services; \$145k for specialty equipment (HDU portable X-ray, crisis toolkit, pan system kits, e-bikes, SAR drones).
- Public Transportation Fund:
 - Revenues: ~53% dedicated 0.125% sales/use tax, ~40% FTA grants; remainder parking/misc.
 - Microtransit paused to avoid GF subsidy; FY 2026 revenues projected to exceed expenditures by ~\$600k.
- Westwood Park Fund (golf/tennis/aquatics):
 - FY 2026 revenues projected +5% vs. FY 2025 after 2025 rate increases; projected positive margin (~\$104k).
 - Seasonal staffing for aquatics occurs in addition to the listed permanent staff.

Council Notes

- Discussion of how statutory limits and voter approvals interact with rate pressures, tariffs/supply costs, and capital deferrals.
- Acknowledgment that sales/use tax volatility and cost allocation adjustments shape conservative assumptions.
- Appreciation expressed for the City Manager's budget letter emphasizing the narrative behind the numbers.

ADJOURNMENT

The meeting was adjourned at 5:58 p.m.

ATTEST:


City Clerk, Deputy




Mayor