

FINANCE COMMITTEE MINUTES

January 18, 2012

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 5:30 p.m. in the Municipal Building Study Session Room on the 18th day of January, 2012, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray and the Norman Public Library at 225 North Webster 48 hours prior to the beginning of the meeting.

PRESENT: Members Dillingham, Ezzell, Gallagher, and Griffith

ABSENT: Member Quinn

OTHERS PRESENT: Cindy Rosenthal, Mayor
Tom Kovach, Council Member
Linda Lockett, Council Member
Dave Spaulding, Council Member
Steve Lewis, City Manager
Anthony Francisco, Finance Director
Suzanne Krohmer, Budget Manager
Linda Price, Revitalization Manager
Ken Komiske, Utilities Director
Joy Hampton, Norman Transcript

DISCUSSION REGARDING MID-YEAR BUDGET REVIEW

A. Major Fund Summaries (FYE 2011) Actual, FYE 2012 Projections

Presentation by Anthony Francisco with handout.

- Sales Tax on budget – 4.6% increase budgeted in FYE 2012 – currently 4.9 increase
- Use tax, permit revenues , and interest earned down
- Franchise tax is up – exceptionally hot summer increased electric power usage
- General Fund revenues updated
- Net Revenue Stabilization Fund – by ordinance, transfer minimum of 3% of expenditures over 3 years into fund
 - General Fund net operating difference if losses continue
 - Assumptions: all budgeted expenditures spent
 - Attrition savings were \$1.8 million – we projected \$1 million in FYE 12 and \$200 thousand in FYE 13-17.
- Public Safety Sales Tax Fund
- Water Fund – user fee revenues higher due to exceptionally hot summer; FYE 12 budget assumed water rate increase

- Wastewater Funds
 - Sewer Maintenance Fund - on projection with \$5 fee charged per customer; Interfund transfer to Capital Project carryover
 - New Development Excise Tax Fund – revised revenues, decrease about ½ from projected budget; low new building revenues; assumed – Treatment Plant Revenue Bond sale
 - Sewer Sales Tax Fund - projected to be drawn down for wastewater treatment plant expansion; project has been postponed, but is in final design phase
- Sanitation Fund – rate increase passed – should be fine

B. Appropriation Requests Norman Economic Development Coalition (NEDC) and Outside Agencies, Norman Employees Retirement System (NERS), etc.

- NEDC has asked that contribution be increased – restore to original amount of \$125,000 for this budget year
- NERS - Actuary report shows a deficiency of \$245,173 to meet actuarial level for retirees on defined benefit plan; 28% unfunded plan ratio. Current employees are on defined contribution plan.
- Actuary recommends an annual contribution of approximately \$35,000 for 10 years. Committee approved a contribution of \$35,718 for this budget year.
- Food & Shelter for Friends is requesting \$8,500 to hire a monitor for their cafeteria facility to be open on cold weekends and nights for homeless people in Norman, this service would end around March 15 of this year.
 - This was discussed in the ECHO 2015 meeting in December
 - Committee recommends funding \$8,500 - Have to amend existing contract with Food & Shelter.
 - Committee wants a report to see how services were received
- Anthony Francisco asked if Committee recommends funding of other outside agencies Council has funded in the past at reduced rate of FYE 12 or restore to original amount: Center for Children & Families, Inc, 89er Day Parade, Firehouse Art Center, Historical House, and Sooner Theatre
- Dillingham – 20% of utilities cost being passed to CC Historical Society, Sooner Theatre, Firehouse Art Center, and Santa Fe Depot beginning FYE 13 budget year. Different for these agencies as they have fund raising capabilities.
- Ezzell – other agencies different than CCFI Neighborhood Centers in the services they provide to citizens
- Mayor – agrees
- Dillingham – agrees – Sooner Theatre generates more revenue
- Committee recommends funding just CCFI Neighborhood Centers at original amount of \$90,000 for FYE 12 budget year
- Ezzell – Would like for City to match the donations of employees to United Way Fund each year; contributions have ranged from \$28,000 to not more than \$40,000 per year
- Kovach – supportive of match , put a cap on amount
- Lockett – concerned, other projects/services to fund are needed, too
- Mayor – Increase funding should be through Social & Voluntary Services Committee

- Dillingham – have to make sure United Way is providing direct services to our citizens and set cap
- Gallagher – put a cap or earmark and specified for certain use – only way he would support
- Ezzell – cap of \$50,000 and limit to 1, 2, 3 programs
- Mayor – should consider transportation needs for citizens – most have no means to make it to agencies they need service from
- Dillingham – wants more information from United Way; allocation committee makes appropriate decisions to agencies – agrees transportation is an issue
- Ezzell – restrict to direct program support; get donor restriction language from legal staff and bring back to Committee and discuss social services in general
- Dillingham – have to consider within our fiscal constraints, what is a responsible approach to social services
- Francisco – what I'm hearing is the Committee is saying to invite outside agencies and United Way to the February meeting for the FYE 13 budget process

C. “Rainy Day” Fund Appropriation

- Francisco – By ordinance Council has 3 years to fund – Council directed a deposit of \$120,000 last year
- Mayor – wants a minimum contribution of \$1,500,000
- Kovach – wants to defer rainy day appropriation until end of fiscal year 2012
- Francisco recapped what fund can be used for:
 - A declared federal or state disaster
 - General Fund balance falls below 1%
 - A one-time event/disaster to City, not declared by federal or state
- Francisco - Ordinance requires Council will make review at mid-year and determine any appropriations
- Ezzell – Projecting \$2 million – need to make commitment for \$1.5 contribution to Rainy Day Fund with restored outside agencies funding and add United Way – 3% of expenditures is approximately \$3 million
- Dillingham – wants to commit to \$1.5 million – expenditures are down – more stable – protect rainy day fund
- Kovach – wants to fund only 1/3 now and maybe more at year end
- Mayor – should live up to commitment and fund Rainy Day Fund
- Lockett – supportive of appropriation now
- Gallagher – wants 1/3 (\$1 million) or ½ (\$1.5 million) now
- Griffith – supportive of appropriation
- Ezzell – bring fund up to \$1.5 million and send to Council

Items submitted for the record

1. Mid-Year Budget Review Highlights and Fund Summaries, Exhibits A through I, prepared by Anthony Francisco, Finance Director
2. Outside Agency Requests Multi-Year Review prepared by Suzanne Krohmer, Budget Manager

3. Letter from Dean Actuary to Norman Employees Retirement System
4. Letter dated September 28, 2011 to City of Norman from George Wilson, Chairperson, Norman Economic Development Coalition
5. Letter to Mayor Rosenthal & City Council dated January 19, 2012 from April Doshier, Executive Director

DISCUSSION REGARDING FYE 2013 OUTSIDE AGENCY REQUESTS AND BUDGET PROCESS

Included in discussion item above.

DISCUSSION REGARDING REVENUE/EXPENDITURE REPORT

No discussion.

Items submitted for the record

1. Summary of Major Funds-General; Capital; Westwood; Water; Wastewater; Sewer Maintenance; New Development Excise; Sewer Sales Tax; and Sanitation Fund Revenue Sources vs. Budget, Financial Report dated December 31, 2011.

DISCUSSION REGARDING REPORT ON OPEN POSITIONS

Steve Lewis informed Committee they were working on a new format for the open positions report.

City has received many applications for the Development Coordinator position. Wide range of professionals have responded to the request for applications. Will have staff members and Chamber people involved in the interview process.

Items submitted for the record

1. City of Norman/Human Resources Department Recruitment and Selection Report dated January 11, 2012

MISCELLANEOUS DISCUSSION

No discussion.

The meeting adjourned at 6:58 p.m.

ATTEST:

City Clerk

Mayor