

FINANCE COMMITTEE MINUTES
January 16, 2020

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 16th day of January, 2020, 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 24 hours prior to the beginning of the meeting.

PRESENT: Mayor Clark, Members Bierman, Scanlon, and Wilson

ABSENT: none

OTHERS PRESENT: City Council Member Scott
City Council Member Petrone
City Council Member Hall
City Council Member Holman
Darrel Pyle, City Manager
Anthony Francisco, Director of Finance
Gala Hicks, Director of Human Resources
Kathryn Walker, Interim City Attorney
Shawn O’Leary, Director of Public Works
Travis King, Fire Chief
Jane Hudson, Planning & Community Development Director
Lisa Krieg, CDBG/Grants Manager
Annahlyse Meyer, Chief Communications Officer
Sara Kaplan, Retail Marketing Coordinator
Jud Foster, Director of Parks & Recreation
Brenda Hall, City Clerk
Tim Powers, Director of Information Technology
Ken Komiske, Director of Utilities
Ronda Guerrero, Municipal Court Clerk
Major Ricky Jackson, NPD
Carrie Evenson, Stormwater Program Manager
Kim Coffman, Budget Manager
Jacob Huckabaa, Budget Technician
Mindy Wood, Norman Transcript
Scott Martin, Chamber of Commerce
Dan Schemm, VisitNorman
Robert Castleberry, Citizen
Cynthia Rogers, Citizen

Item 1, being:

MID-YEAR BUDGET REVIEW

Anthony Francisco stated that the General Fund ended fiscal year 2018-2019 with a fund balance of \$8,281,000. We started the current fiscal year with a fund balance of about \$2 million more than we thought we would have. We used this extra fund balance to fund the Transit Fund. This means we spent down the fund balance about \$5.8 million and we will close this fiscal year with a balance of \$2.465 million. This balance will be about \$56,000 short of our mandated 3% operating reserve in the General Fund. Sales tax revenues have been coming in basically on target, and use tax has been coming in above target. Franchise fee revenues have been way down and this means we will come in about \$900,000 short of target. We project revenues to be almost right on target of projections overall, at about \$400,000 short. We project that we will close this fiscal year with a fund balance of about \$2,088,000.

Our sales tax revenue projections were based on ending the tax apportionment to the University North Park Tax Increment Finance District (UNP TIF) Fund. The adoption of this Ordinance by the Council would have supported this budget. This Council action is now being held in abeyance due to a petition against the Ordinance. This creates an unmanageable problem for us by leaving a \$3.5 million hole in our revenue budget. We project that we will now have to draw down the General Fund balance by \$7.5 million, which will leave us closing the fiscal year with only \$760,000. This is an unacceptably low fund balance, at less than 1%. If all of this comes to pass, we will close the fiscal year \$1.7 million short of our mandated 3% operating reserve. This reduced carry-over fund balance means we will close the next fiscal year with a negative \$3.3 million fund balance, which is illegal by State law. It would be a very imprudent decision to draw on the Rainy Day Fund to address this budget shortfall, especially below the mandated minimum 3% reserve.

Francisco gave a handout of options to address the budget shortfall. The Finance Committee needs to address this shortfall now, as it cannot be kicked down the curb for later. In the November Finance Committee meeting, the Council directed avoiding cuts that involved layoffs of current employees. The proposal in the handout cuts out many services and reduces even more.

Member Wilson asked what other options the Council could have taken in the past to address this budget issue. Francisco stated that in the past he has advocated for two major options: passing a Stormwater Utility to relieve the General Fund of the \$3 million a year that goes to Stormwater related services, and to end the apportionment of sales tax to the UNP TIF Fund as quickly as possible.

Member Wilson stated that she does not support ending funding for outside agencies.

Francisco stated that in the long run, we need to look to other revenue sources besides sales tax collections, or this will continue to be a problem.

Member Bierman stated that she doesn't feel ready to recommend any of these actions until we have a public hearing about the problems and get input from the citizens.

Items submitted for the record:

1. Mid-Year Budget Review for fiscal year 2020

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Item 2, being:

SUBMISSION OF THE REVENUE/EXPENDITURE REPORTS

Items submitted for the record:

1. Summary of Major Fund Revenue Sources vs. Budget FYE 2020 as of December 31, 2019
2. Summary of Major Fund Expenditures vs. Budget FYE 2020 as of December 31, 2019
3. Appropriations from Fund Balance FYE 20
4. General Fund Transfers over \$50,000 between Expenditure Categories FYE 20 December 2019
5. Norman Forward Sales Tax Financial Reports
6. Inter-City Sales Tax Growth Comparison

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Item 3, being:

SUBMISSION OF THE REPORT ON OPEN POSITIONS

Member Bierman stated that we should freeze the Sustainability Coordinator since it is one of the few that hasn't previously been filled.

There are currently still 4 open Police Communications Officer Positions.

Member Bierman stated that it would be better to put a freeze on all of the open positions than to have to lay people off.

Items submitted for the record:

1. City of Norman Position Vacancy Report dated 1/8/20

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Item 4, being:

MISCELLANEOUS COMMENTS

None at this time.

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ATTEST:

City Clerk

Mayor