

## CITY COUNCIL STUDY SESSION MINUTES

June 2, 2020

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a virtual study session at 5:30 p.m. hosted in the Municipal Building Council Chambers on the 2nd day of June, 2020, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray 24 hours prior to the beginning of the meeting.

PRESENT: Councilmembers Bierman, Carter, Hall, Holman, Petrone, Scanlon, Wilson, and Mayor Clark

ABSENT: Councilmember Scott

Item 1, being:

### FOLLOW-UP DISCUSSION REGARDING THE PROPOSED FYE 2021 CITY OF NORMAN BUDGET AND THE CAPITAL BUDGET.

Mr. Anthony Francisco, Director of Finance, said larger variations of sales tax revenues are generally due to one-time revenues that come in from Federal Emergency Management Agency reimbursements, economically based drops in sales tax, impact of sales tax apportionments from the General Fund (GF) to the University North Park Tax Increment Finance (UNPTIF) District Fund, and apportionments from the UNPTIF. He said overall, the GF has a fairly steady growth pattern of 2% to 3% per year and the budget is based on that long history of slow growth.

Mr. Francisco said Councilmember Bierman requested information on the Room Tax Fund, more specifically, how it was affected after September 11, 2001 (9/11). He said in response to the 9/11 Terrorism Act, the travel industry went through a fairly long sustained depressed period because air travel was shut down entirely. He said the Saturday after 9/11, the Oklahoma Sooner Football game with Tulsa was postponed from September 18th to a date in November and during that time there was a downturn in Room Tax, but that came back fairly strongly the next fiscal year. He said Staff is hoping that will be the case going forward after the pandemic essentially shut down the hospitality industry. He said there has been a recent upturn in hotel occupancies over the past month and there is hope that will continue as the football season begins this fall. He said if Council wants to subsidize the arts portion of the Room Tax Fund from the GF, that would be within their purview to do that.

Mr. Francisco said sales tax revenue in FYE 21 is projected to be on budget and there will be a slow growth of 1.75% going into next fiscal year. He said there will be a fund balance draw down in FYE 20 related to fronting revenues from the GF to the Transit Fund and FYE 21 is anticipated to close with an operating reserve in excess of budget minimums.

Mr. Francisco said the City has budgeted for UNPTIF Funds to be deposited into the GF in FYE 21, which would add approximately \$1,775,847 to the GF; however, if that did not happen the impact would be significant. He said without the UNPTIF funds, the City could have a reserve budget deficit of \$235,644 in FYE 21. He said the combined impact of COVID-19 (COVID Effect) and not having UNPTIF funds going into the GF would leave a reserve deficit of \$1,353,865 in FYE 20

and \$2,675,525 in FYE 21 leaving a negative fund balance in the GF, which is illegal. If that happened, changes would need to be made to the budget immediately.

Proposed amendments to the budget are as follows:

- ...Reduction in GF sales tax revenues in the amount of \$1,007,474 and in the amount of \$309,814 in the Public Safety Sales Tax (PSST), and in the amount of \$304,064 in the Capital Improvement Projects (CIP) Fund with an offsetting increase to the GF transfer to the PSST Fund.
- ...Adding \$5,100,000 in projected Federal Transit Administration (FTA) grant revenue, provided by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), to the Transportation and Parking Fund - grant reimbursement revenues be appropriated and allocated in the CIP Fund for the Fire/Transit Maintenance Facility Project.
- ...Increasing Citywide allocations for health and dental benefit insurance contributions by \$683,940 with an offsetting increase in the Risk Management Fund internal service revenue and employee contributions
- ...Decreasing the CIP Fund allocations by \$1,805,377 in the street maintenance category;
- ...Increasing the CIP Fund allocations by \$850,000 to fund a Public Transit Transfer Facility;
- ...Increasing the CIP Fund allocations by \$250,000 to fund a Strategic Housing Study;
- ...Increasing the CIP Fund by \$184,000 to expand the School and Arterial Road Sidewalk Program;
- ...Correcting all grammatical and typographical errors in budget documents with no financial impact;
- ...Increasing the Transportation and Parking Fund by \$24,377 for public transit related personnel services with an offsetting increase to the GF to the Transportation and Parking Fund;
- ...Increasing the Community Development Block Grant (CDBG) Fund allocations by \$55,072 for additional personnel for homeless services; and
- ...Increasing GF allocations to the City Manager Department by \$5,014 for an expansion of City Diversity and Equity programs.

Councilmember Petrone said in regard to the CARES Act amendment, a constituent reached out to her about the legality of using COVID dollars on a position that does not historically exist. Mr. Darrel Pyle, City Manager, said the CARES Act has many “buckets” of money and those buckets are being called CARES so monies can be used for a variety of reasons and the City can legally seek reimbursement for costs incurred for helping low-income individuals/families or the homeless population.

Councilmember Holman asked if two sidewalk projects in his ward, Brooks Street Railroad Crossing: Classen Boulevard from Brooks Street to State Highway 77; and Flood Avenue: Main Street to Acres Street, would be impacted by the sidewalk project amendments and Mr. Scott Sturtz, City Engineer, said no, those projects are already funded and will be constructed in upcoming projects.

Councilmember Scanlon said no one has mentioned a warming shelter for the homeless this winter, but there needs to be funding identified for this because it will happen and Mr. Francisco said Staff

believes a City owned facility will be identified for use as the warming shelter and Staff along with volunteers will oversee the program.

Mayor Clark asked if the School and Arterial Road Sidewalk Program qualifies for federal funding and, if so, do other projects move up the list of sidewalk projects and Mr. Sturtz said Staff has currently been unsuccessful in obtaining federal funding for this project. He said funding comes from the CIP Budget and Staff typically moves down the list in the order of requests. Mayor Clark said she fully supports making it safer to children to walk to school and supports the amendment.

Councilmember Hall said sidewalk projects for schools are very important and she appreciates Council's consideration on the amendment since one project will be sidewalks constructed along Cruce Street for McKinley Elementary which is located in her ward.

Mayor Clark asked when the sidewalks would be constructed once the amendment is approved and Mr. Sturtz said bids are typically mailed out in June and one contractor is selected. He said Staff works with the contractor all year on the various projects, but school sidewalks are generally constructed in the summer months to avoid traffic or pedestrian disruption during school days.

Items submitted for the record

1. City of Norman General Fund Total Revenues
2. City of Norman Room Tax Revenue History – FYE 2001 – 2003
3. Scenario 1 – City Manager FYE 21 Budget; Scenario 2 – Less University North Park Tax Increment Finance (UNPTIF) District Sales Tax by Petition; Scenario 3 – Less University North Park Tax Increment Finance (UNPTIF) District Sales Tax by Petition and COVID Effect
4. Sidewalk Projects Request List
5. Memorandum dated June 2, 2020, from Anthony Francisco, Finance Director, to Honorable Mayor and City Councilmembers and Honorable Trustees of the Norman Municipal Authority

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ADJOURNMENT

The meeting was adjourned at 6:15 p.m.

ATTEST:

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City Clerk

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Mayor