

CITY COUNCIL STUDY SESSION MINUTES

February 18, 2020

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a study session at 5:30 p.m. in the Municipal Building Conference Room on the 18th day of February, 2020, and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray 24 hours prior to the beginning of the meeting.

PRESENT: Councilmembers Carter, Hall,
Holman, Scanlon, Scott, Wilson,
Mayor Clark

ABSENT: Councilmember Bierman

Item 1, being:

DISCUSSION REGARDING THE FYE 2021 CAPITAL BUDGET AND BUDGETARY SHORTFALLS IN THE GENERAL FUND.

Mr. Anthony Francisco, Director of Finance, said on November 19, 2019, Council was updated on funded projects and Council priorities. He said based on that discussion, proposed new projects were prepared for further discussion tonight, with review of the final proposed Capital Improvements Plan (CIP) scheduled on April 21, 2020.

Mr. Francisco said the purpose of the CIP is to support services of municipal governments and projects are identified in Long Range Master Plans that are reviewed by citizens and adopted by Council (land use, transportation, parks, water, wastewater, greenways, stormwater, etc.). When priorities are set, short range needs go into a one-year adopted Capital Budget and long range needs go into a Five-Year CIP along with proposed schedules of implementation and available funding sources. The CIP and other budgets are adopted annually, but only the one-year budget allows appropriation of funds so emergencies and high priority unanticipated project needs can be added. He said sources of funding include enterprise revenues, voter approved general obligation bond proceeds, intergovernmental grants, private funds, and Capital Sales Tax.

Mr. Francisco said a capital project generally costs more than \$100,000; is relatively fixed or permanent in nature; is an asset with an expected life span of more than five years; usually consists of the construction of new, expanded, or improved tangible assets; often takes more than one fiscal year to complete; and contracted services for design, land acquisition and utility relocations may be required in advance of construction.

Mr. Francisco explained that Capital outlay is expenses for maintaining or purchasing new or replacing tangible assets which have an expected life of one to five years, is a one-time occurrence and expense that usually occurs within a single fiscal year to include vehicles, furniture, computers, and equipment. He said Capital outlay paid by the Capital Fund are expended from the General Fund and Westwood Fund with capital sales tax funds are transferred to cover the cost.

Mr. Francisco highlighted all funds included in the CIP Budget as follows:

Special Purpose Capital Funds

- Public Safety Sales Tax Fund (PSST)
- Community Development Block Grant (CDBG) Fund
- Special Grants Fund
- Room Tax Fund
- Public Transportation and Parking Fund
- Capital Fund (Pay-As-You-Go or PAYGO)
- Capital Fund (General Obligation Bonds)
- NORMAN FORWARD Sales Tax Fund
- Park Land Development Fund
- University North Park Tax Increment Finance (UNPTIF) District Fund
- Arterial Road Recoupment Fund

Enterprise Funds

- Water Fund
- Water Reclamation Fund
- Sanitation Fund
- Sewer Maintenance Fund
- New Development Excise Tax Fund

Sources of revenue for all funds in FYE 2019 through FYE 2020 include grants – 1.54%; private funding - .28%; Community Park Fee - .05%; User Fees – 24.78% Capital Improvement Charge – .91%; Sewer Maintenance Rate – 4.58%; Sewer Excise Tax - .65%; Capital Sales Tax – 19.05%; Tax Increment Financing – 2.01%; Public Safety Sales Tax – 4.73%; NORMAN FORWARD Sales Tax – 6.20%; Room Tax - .18%; and Bonds – 35.05% for total revenues of \$238,930,731.

Expenditures for all funds in FYE 2020 include Capital Outlay – 3.48%; Maintenance of Existing Facilities – 0.25%; Personnel and Services – 0.55%; Street Maintenance – 3.89%; Transportation – 19.02%; Buildings and Grounds – 19.86%; Parks and Recreation – 24.11%; Water Reclamation – 7.32%; Sanitation – 0.09%; Stormwater – 1.31%; and Water – 20.13%.

Mr. Francisco said the Capital Improvements Fund (CIF) was established in 1976 to account for capital projects funded by capital sales tax receipts, general obligation bond issues, or specific matching funds, i.e., private and reimbursement. He said these projects support services that do not have dedicated special revenues like Enterprise Funds. Those projects relating to Enterprise Funds, funded with fees and charges, or special revenue sources are accounted for in their respective Enterprise Funds. He said 70% of one percent (0.7%) of sales tax is set aside for capital improvements for the Capital Fund and those approved projects for construction with this funding are accounted for in the CIF.

The capital sales tax guidelines to allocate revenue includes existing facility maintenance – 5%; general contingency – 7%; Capital Outlay – 27%; street maintenance – 25%; and other projects and debt service – 36%.

Mr. Francisco highlighted the status of the Capital Fund as follows:

- Capital Fund PayGo
 - FYE 20 estimated available for new projects is \$661,627
 - Decreased sales tax revenue for continued apportionment to the University North Park Tax Increment Finance (UNPTIF) District Fund
 - FYE 21 projected available for new projects is \$2,663,477
 - FYE 22 projected available for new projects is \$3,515,294
- Capital Fund Bonds
 - Bond reserves are unbalanced – some positive and some negative, evaluating how to balance those currently unbalanced

Significant Projects closed in FYE 20 (work complete and all bills paid) include West Main Street Bridge (Ten Mile Flat Creek) - \$328,400; Total Maximum Daily Load (TMDL) Compliance and Monitoring Plan Implementation, Year Three - \$300,000; Acres Street Sidewalk from Flood Avenue to Porter Avenue - \$103,000; and James Garner Avenue, Phase 1, Acres Street and James Garner Avenue Intersection - \$1,870,500.

Mr. Francisco highlighted significant completed projects (work is finished but not all bills have been paid) in FYE 20 that includes Rock Creek Road from 24th Avenue N.E. to 60th Avenue N.E. Rural Road Projects - \$750,000; Sidewalks and Trails on 24th Avenue N.E. - \$85,000; and Community Development Block Grant Disaster Relief (CDBG-DR) Grant Infrastructure Projects - \$17,058,000.

Significant projects underway in FYE 20 include Transit/Parks/Emergency Vehicle Maintenance Facility - \$6 million; Legacy Park Parking Lot - \$175,000; TMDL Compliance and Monitoring Plan Implementation, Year Four - \$300,000; Fire Station No. 9 (finishing small miscellaneous small items) and Fire Administration Building Renovation – 85% complete; Comprehensive Land Use and Transportation Plan Update - \$158,212; West Main Street Bridge Bond Project - \$4,547,000; 24th Avenue East Bond Project - \$14,938,870; and 24th Avenue N.W. and Tee Drive Intersection - \$1,475,000.

Projects under construction in FYE 20/21 include Animal Welfare Heat and Air System (HVAC) - \$250,000; Municipal Complex Renovation - \$9,488,743; 24th Avenue East Bond Project - \$14,938,870; State Highway 9 Multi-Modal Path from 36th Avenue East to 48th Avenue East - \$1,045,774; Legacy Trail Extension along 24th Avenue N.W. and 36th Avenue N.W. - \$980,500; 36th Avenue N.W. Utility Relocation - \$17,950,000; I-35 and Robinson Street (west side) - \$5,300,000; Classen Boulevard Sidewalks - \$229,296; Flood Avenue Sidewalks from Gray Street to Acres Street - \$250,000; Porter Avenue and Acres Street Intersections - \$3,675,000; Porter Avenue Streetscape - \$2,471,000; Jenkins Avenue Bond Project - \$9,600,000; and Brooks Street Sidewalk from the railroad tracks to Classen Boulevard - \$45,640.

Ms. Brenda Hall, City Clerk, said total costs for the Municipal Complex Renovation Projects will be closer to \$21 million and the bond money from 2008 can only be used for renovation of specific buildings, such as the Development Center (old Central Library), Building A, and a small piece of Building B. She said in out-years, Staff will budget remaining building renovations in the Capital Fund. Councilmember Holman said the municipal buildings are all quite old and have space issues so he is happy to see this in the budget.

Councilmember Holman asked if the State Highway 9 Multi-Modal Path Project will be constructed simultaneously with the highway construction project and Mr. O'Leary said yes, the two projects will be tied together and done at the same time in order to obtain the maximum amount of matching grant money as possible.

Mr. Francisco provided project status on the Street Maintenance Bond Program: Walnut Road Urban Reconstruction; Stubbeman Avenue Urban Concrete; Dakota Street Urban Asphalt; 108th Avenue N.E. Rural Road; 24th Avenue East Widening; 36th Avenue N.W. Widening between Tecumseh Road and Indian Hills Road; I-35 and Robinson Street (west side); Porter Avenue and Acres Street Intersection; Jenkins Avenue Widening Project (Imhoff Road to Lindsey Street; Legacy Trail Extension (State Highway 9); and Legacy Trail Extension (24th Avenue N.W. to 36th Avenue N.W.).

The Public Safety Sales Tax (PSST) projects underway in FYE 2019-2020 include Emergency Radio Communications – final acceptance and cleanup - \$15,000,000; Emergency Communications Center – design complete - \$6,451,500; and Fire Apparatus Replacement, Year Three - \$725,000. Mr. Francisco said there will be a potential shortfall in the Emergency Operations Center (EOC) facility, but the City is continuing with the design.

The NORMAN FORWARD Sales Tax Fund (NFST) completed projects in FYE 2019-2020 includes the Central Branch Library; Westwood Tennis Indoor Facility; Prairie Creek Park Renovation (Neighborhood Plan); and Songbird Park Construction (New Neighborhood Park).

NORMAN FORWARD projects underway in FYE 2019-2020 include Andrews Park improvements; Griffin Park remodel; Indoor Aquatic Facility; Indoor Multi-Sports Facility; Community Sports Park (adult softball and football); Reaves Park Baseball/Softball Complex; Neighborhood Park improvements (Rotary Park, Earl Sneed Park, Monroe Park, and High Meadows Park); New Neighborhood Park development (Southlake Park); Ruby Grant Park development; James Garner Avenue – Flood Avenue to Acres Street; and the Senior Wellness Center.

NORMAN FORWARD upcoming projects in FYE 2020-2021 include Griffin Park remodel - \$1,750,000; Neighborhood Park improvements - \$500,000; New Neighborhood Park - \$700,000; lease payments for Griffin Park - \$80,000; New Trail Development throughout Norman - \$2,500,000; Senior Wellness Center - \$3,420,000; Ruby Grant Park - \$2,000,000; and Saxon Park development - \$600,000.

Mr. Francisco highlighted the FYE 2017-2021 Street Maintenance G.O. Bond Program in the amount of \$25 million that includes the following:

- Street Maintenance (Year One) FYE 2017
 - Urban Asphalt Pavement (100% complete)
 - Urban Concrete Pavement (100 % complete)
 - Rural Road Rehabilitation (100% complete)
 - Urban Road Reconstruction (100% complete)
- Street Maintenance (Year Two) FYE 2018
 - Urban Asphalt Pavement (100% complete)
 - Urban Concrete Pavement (100% complete)
 - Rural Road Rehabilitation (100% complete)
 - Urban Road Reconstruction (100% complete)
- Street Maintenance (Year Three) FYE 2019
 - Urban Asphalt Pavement (95% complete)
 - Urban Concrete Pavement (70% complete)
 - Rural Road Rehabilitation (100% complete)
 - Urban Road Reconstruction (100% complete)
- Street Maintenance (Year Four) FYE 2020
 - Urban Asphalt Pavement (under contract)
 - Urban Concrete Pavement (under contract)
 - Rural Road Rehabilitation (under construction)
 - Urban Road Reconstruction (100% complete)

NORMAN FORWARD Sales Tax Fund (NFST) issues include a shortfall of sales tax revenues and project cost overruns. Mr. Francisco said on the continuing advice of the Citizen's Financial Oversight Board and direction of Council, Staff will restructure the mix of debt-financed and PayGo projects to reduce interest costs, continue to seek project cost savings to be applied to future project budgets, continue to seek supplemental funding sources, and re-evaluate operation costs annually.

Mr. Francisco said the 2012 Transportation/Stormwater Bond Program and their actual costs include the Cedar Lane Road: 12th Avenue S.E. to one-half mile east of 24th Avenue S.E. - \$10,048,310; Lindsey Street: 24th Avenue S.W. to Berry Road - \$42,135,770; Franklin Road Bridge: one-half mile west of 12th Avenue N.W. - \$4,219,680; 12th Avenue S.E.: State Highway 9 to Cedar Lane Road - \$3,393,780; Main Street Bridge: one-half mile west of 36th Avenue S.W. - \$7,038,000; 24th Avenue East: Lindsey Street to Robinson Street - \$14,938,870; 36th Avenue N.W.: Tecumseh Road to Indian Hills Road – amount of be determined; Alameda Street: one-half mile east of 24th Avenue S.E. – amount to be determined. He said the total bond budget is \$89,502,700 with estimated actual costs to date of \$66,835,540.

The 2019 Transportation Bond Projects for FYE 2020-2021 consists of Porter Avenue and Acres Intersection Improvements - \$3,675,000; Constitution Street: Jenkins Avenue to Classen Boulevard - \$2,643,260; Porter Avenue Streetscape - \$2,471,000; Jenkins Avenue: Imhoff Road to Lindsey Street - \$9,601,000; James Garner Avenue, Phase Three: Acres Street to Duffy Street - \$4,951,000; and Gray Street Two-Way Conversion - \$4,816,000. Mr. Francisco said the City did not receive federal matching funds for these projects in FYE 20 due to a change in the project ranking system

so these projects have been on hold and project readiness is critical in the scoring of the projects. He said the ranking system was changed back due to the efforts of Mayor Clark and Staff so the City is expecting to receive the federal matching funds in FYE 21.

Mr. Francisco said the City of Norman is responsible for 77 bridges and 23 of those bridges were built before 1950. He said six bridges have load postings of less than 23 tons (two bridges are posted for 20 tons; one bridge is posted for 12 tons; one bridge is posted for five tons; and one bridge is posted for four tons. He said bridges posted for 12 tons and under do not allow school busses. He said 12 bridges are rated structurally deficient, four bridges are rated functionally obsolete, and three bridges are rated at-risk of becoming deficient.

The Bridge Maintenance Program Budget Priorities for Replacement includes North Porter Avenue – Little River - \$1,371,666 (Year 2021); Franklin Road – Little River - \$982,126 (Year 2022); East Robinson – unnamed creek - \$1,360,297 (Year 2023); 60th Avenue N.W. to Rock Creek Road - \$881,978 (Year 2024); and Creekside Drive – unnamed creek - \$1,009,327 (Year 2025).

Mr. Francisco said in the City Vehicle Replacement Program the City replaced 42 units in FYE 2016 - \$2,316,765; 35 units in FYE 2017 - \$3,046,969; 27 units in FYE 2018 - \$2,383,036; 29 units in FYE 2019 - \$2,045,471; and 36 units in FYE 20 - \$1,991,083.

Mr. Francisco said significant projects in the FYE 21 Room Tax Fund includes Firehouse Art Center addition - \$100,000 (City match) and Historic Museum parking - \$55,000 with remaining debt on 2002 Norman Municipal Authority (NMA) Golf Course Bonds.

Upcoming significant Capital Improvements Fund (CIP) projects include Robinson Street/I-35 West Side Interchange - \$5,500,000; 36th Avenue N.W.: Tecumseh Road to Indian Hills Road Widening - \$16,920,000; Jenkins Avenue: Imhoff Road to Lindsey Street Widening and Reconstruction - \$7,371,060; Porter Avenue Streetscape - \$2,471,000; Constitution Street: Jenkins Avenue to Classen Boulevard Reconstruction - \$1,090,064; and James Garner Avenue, Phase II - \$6,700,000.

Upcoming Capital Project Fund recurring sidewalk projects in FYE 2021 includes Sidewalk Program for Schools and Arterials - \$80,000; Sidewalk Accessibility Projects - \$30,000; Citywide Sidewalk Projects (50/50 repairs) - \$50,000; Downtown Area Sidewalk Project - \$50,000; Sidewalks and Trails - \$120,000; and Horizontal Saw Cut Program - \$50,000 for total expenditures of \$380,000.

Upcoming Fund 50 Capital Projects in FYE 2021 includes Capital Outlay - \$3,809,063; Street Maintenance - \$2,305,377; Maintenance of Existing Facilities - \$465,000; Stormwater Draining Maintenance - \$765,000; Lake Thunderbird TMDL - \$300,000; Personnel - \$1,297,361; Oklahoma Department of Transportation (ODOT) Audit Adjustments - \$100,000; Americans with Disabilities Act (ADA) Sidewalk Compliance and Repair - \$100,000; Bridge Maintenance - \$100,000; Driveway Repairs - \$10,000; Street Striping - \$100,000; Traffic Calming - \$50,000; Greenbelt Acquisition - \$50,000; Community/Neighborhood Improvements - \$100,000; and Building Maintenance Mechanical/Electrical - \$50,000 for a total expenditures of \$9,601,801.

Mr. Francisco said upcoming budget challenges include the I-35 Corridor Study; Regional Transit Authority (RTA); Public Transit and Parking (Bus Maintenance Facility, Bus Transfer Station, replacement busses, Parking Study in Downtown and Campus Corner, and Bus Maintenance Facility); new traffic signals on State highways and City arterials; status of Norman Regional Health System (NRHS) Porter Campus potential land sale; fleet replacement; Fire Station No. 10; NORMAN FORWARD potential shortfalls (Senior Center, Indoor Aquatic Center/Multi-Sports Facilities, Adult Softball and Football Complex, Reaves, Griffin, and Ruby Grant Parks, and Park Maintenance Facility); Stormwater Capital Projects (Stormwater Master Plan Projects and Vineyard Storm Drainage Project); Municipal Complex Renovations Project; Bridger Replacement and Maintenance; and North Base Fueling Facility.

Possible solutions include reallocating the Capital Sales Tax (CST), fund projects with new G.O. Bond(s), and increasing or extending CST, PSST, and NFST.

Next steps include review of final proposed Capital Budget for FYE 2021 and CIP for FYE 2022-2025 on April 21, 2020.

Councilmember Scanlon said he lives in the Vineyard Addition and would like to recuse himself from the following discussion and any decision that relates to the issue.

Mr. O'Leary highlighted the history of the Vineyard Addition Flood Relief Projects that includes the final plat of Vineyard Addition No. 1 in February 2000; major flood – relief was requested by Ward 6 Councilmember Lang in August 2007; major flood in May 2015; City Flood Study was completed in January 2016; Council approved \$30,000 for a project design requested by Ward 6 Councilmember Clark in June 2017; Council approved a contract with Meshek and Associates in October 2017; voters rejected a Stormwater Bond issue (including this project) in April 2019; Staff met with Homeowners Association (HOA) to review the project design in September 2019; and Council discussed enlarging detention basin, repairing downstream channel, and installing stormwater pipelines at a cost of \$600,000 in November 2019. He said Staff is asking for Council's direction on this item as there is no funding for construction of the project.

Councilmember Wilson asked who the developer was for the Vineyard Addition and Mr. O'Leary said the developer is no longer in the picture and has no other developments in Norman. Councilmember Wilson felt developers should be held accountable for these issues. She asked if an assessment district, similar to Cedar Lane or Summit Lakes Addition, could be created to recoup costs from property owners and Mr. O'Leary said the City has never totally financed a private stormwater detention basin repair so doing this project would be a serious policy change.

Mr. O'Leary said the City had an Enhanced Maintenance Program within the Stormwater Utility that would have provided a 50/50 cost share program for neighborhoods with flooding issues. He said neighborhoods really need to pay a portion of the costs.

Councilmember Wilson asked if the City could require insurance or a bond for new developments to cover situations like this one in the future. She does not support funding this project especially since the City is facing budget problems.

Mayor Clark said she shares Councilmember Wilson's concerns about this project and she is not ready to set the precedent of the City picking up the tab for every single private issue. She would like to explore the 50/50 cost share option and asked for more information on that program. Mr. O'Leary said the program was developed in the Stormwater Master Plan in 2009 and was intended for use in neighborhoods that are having pretty large issues with their stormwater infrastructure. He said the City would assist with design services and help neighborhoods understand what needed to be done then the neighborhood would enter into an agreement with the City to share in the costs. He said the key to this program is funding and it was proposed that \$1.2 million would be set aside annually in a Stormwater Utility Fee (SWU) for these types of projects; however, voters rejected the SWU.

Councilmember Petrone asked if the City could perform the work under the 50/50 cost share program and assess the 200 homes in the Vineyard Addition and Mr. O'Leary said it is a petition driven process that requires the neighborhood to petition Council. Councilmember Petrone asked how many property owners would need to participate and Mr. O'Leary said 101 out of 200 property owners would have to sign the petition. Councilmember Petrone asked if the City could perform the work and make the property owners pay their share and Mr. O'Leary said, to his knowledge, there is no mechanism in Oklahoma that would allow the City to force property owners to participate in a special assessment district.

Councilmember Petrone asked if the Vineyard Addition detention pond services any other neighborhoods and Mr. O'Leary said no, it was designed solely for Vineyard Addition; however, that area is an enormous watershed that is fed from ten to twelve neighborhoods uphill and Vineyard Addition is at the bottom of that hill.

Councilmember Petrone said maintenance is the HOA's job and the City could potentially partner with the HOA. Mr. O'Leary said Staff has reached out to the HOA, but has had no feedback. He said the HOA would have to submit a petition and pay half the costs before Council would consider entering into an agreement.

Mayor Clark said there seems to be consensus not to fund this project, but Staff can continue to reach out to the HOA regarding the petition process and 50/50 share cost.

Mr. Darrel Pyle, City Manager, said Council will be presented with information on what projects can be built with available budget funds versus what can be built if more funding were available on February 25th.

Councilmember Petrone said the City is preparing a bond vote for NORMAN FORWARD shortfalls and suggested other projects be added to the ballot and Mayor Clark said that can be discussed on February 25th when Staff provides the information.

Councilmember Holman suggested G.O. Bonds to fund project needs for Fire Station No. 5, EOC, Information Technology (IT), and transit.

Councilmember Scott said there is legislation being proposed that will allow municipalities to leverage ad valorem tax for public safety districts.

Items submitted for the record

1. PowerPoint presentation entitled, "FYE 2020 Capital Improvement Program Budget Status – Preparation of FYE 2021 C.I.P. – Preparation of FYE 2022 – 2025 Capital Improvements Plan"

* * * * *

The meeting was adjourned at 7:41 p.m.

ATTEST:

City Clerk

Mayor