

CITY COUNCIL CONFERENCE MINUTES

May 28, 2013

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a conference at 5:35 p.m. in the Municipal Building Conference Room on the 28th day of May, 2013, and notice and agenda of the meeting were posted at 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:

Councilmembers Castleberry, Gallagher, Jungman, Kovach, Lockett, Spaulding, Williams, and Mayor Rosenthal

ABSENT:

Councilmember Griffith

Item 1, being:

DISCUSSION REGARDING THE FYE 2013 CITY OF NORMAN OPERATING BUDGET AND THE FYE 2014 CITY OF NORMAN OPERATING AND CAPITAL BUDGETS.

Update on Tornado Debris Cleanup

Mr. Steve Lewis, City Manager, provided an update on the cost of the May 19, 2013, tornado debris clean-up. Mr. Lewis said costs to the debris contractor will be approximately \$377,000 and the City's share is expected to be \$30,000 after reimbursement from the State of Oklahoma and the Federal Emergency Management Agency (FEMA). He said FEMA is using a sliding scale that rewards communities with a higher level of reimbursements for picking up debris immediately after a tornadic event. He said the first thirty days after an event, the City of Norman will be eligible for an 85% reimbursement and because Norman adopted a Debris Management Plan, we will receive an additional 2% for a total reimbursement of 87%. He said the remaining balance will be split between the City and the State.

Councilmember Spaulding asked if Cleveland County will be reimbursing the City for any expenses and Mr. Lewis said no, the County will have their own expenses for unincorporated areas and will be able to seek reimbursement from the State and FEMA for those expenses.

Councilmember Gallagher asked if picking up debris within 30 days places a burden of overtime on the contractors and City employees and will the reimbursements cover those expenses. Mr. Lewis said due to new legislation signed by President Obama in January, all hours worked by City employees will be reimbursed. He said storm debris pickup is being managed by a contractor working 12 hour shifts as agreed by contract. Mr. Shawn O'Leary, Director of Public Works, said the only downside is the City is allocating eight full-time Public Works employees towards this clean-up effort so jobs they would normally be doing will not be done for the next 30 days.

Mayor Rosenthal said the following discussion came out of the last Finance Committee meeting and felt it would be helpful to provide direction to Staff moving forward. She said a number of potential amendments have been prepared and asked Mr. Anthony Francisco, Director of Finance, to highlight these amendments for Council.

"Frozen" Personnel Positions Proposal

Mr. Francisco said in the May 15, 2013, Finance Committee meeting Staff was asked to prepare proposed amendments to the FYE 2014 Budget and Capital Improvements Budget for Council's consideration. He said the "frozen" personnel positions that were deleted from the City Manager's proposed budget are not being amended at this time, but Council may give that further consideration as the fiscal year progresses.

University North Park Tax Increment Finance District Administrative Charge Proposal

Mr. Francisco said Staff was asked to prepare an amendment to charge the University North Park Tax Increment Finance District Fund (UNPTIF) an administrative fee based on 3% of the sales tax revenue apportioned to the TIF Fund (\$127,000) for UNPTIF administrative services provided by personnel funded by the General Fund. Councilmember Gallagher asked if that is a flat fee based on the number of hours personnel works on UNPTIF business and Mr. Francisco said no, it is a flat fee based on the same percentage charged to the Room Tax Fund for administrative services. He said Staff is not proposing a Cost Allocation Study to determine how many hours are actually being spent on the UNPTIF, but is taking the approach of charging an administrative fee similar to the Room Tax Fund. Councilmember Gallagher said if the hours worked exceeded \$127,000 the City loses money and Mr. Francisco said the General Fund would absorb the difference. Councilmember Williams asked what the Room Tax Fund percentage was based on and Mr. Francisco said there was no official document but what Council chose to do at that time. Mr. Francisco said Council had the option of having a Full Cost Allocation Study done or using the metric the City has been using for the Room Tax and Council directed Staff to use the metric. Councilmember Williams asked if that method was taken from another method the City had used in the past. Mr. Lewis said the City's financial advisor said the rule of thumb that has worked in other communities is 3% to 5% and Staff felt that would be appropriate. Mayor Rosenthal said it is similar to what is charged for certain activities in utilities as well.

Public Safety Sales Tax Rainy Day Fund Proposal

Mr. Francisco said another proposed amendment is for the Public Safety Sales Tax (PSST) Fund to make a deposit to the City's Rainy Day Fund to bring the Rainy Day Fund balance to a level to meet the minimum fund balance OR in an amount to match the pro-rata share of the minimum Rainy Day Fund balance that can be attributable to the Police and Fire Departments.

Mr. Francisco said the Rainy Day Fund is mandated to have a balance of \$2.1 million by the end of FYE 2014 and currently has a balance of \$1.5 million and \$600,000 needs to be deposited to bring the fund to its minimum level. Mayor Rosenthal said some Councilmembers were not at the Finance Committee meeting and she would like to know their opinion on whether to bring the Rainy Day Fund to the minimum of \$2.5 million or deposit the pro-rata share of \$1.1 million. Councilmember Kovach said depositing the full apportioned share makes sense so he would support the \$1.1 million. Councilmember Castleberry said the Chair of the PSST Oversight Committee favored the \$600,000 deposit.

Public Safety Sales Tax Emergency Communications Proposal

Mr. Francisco said Staff prepared optional proposed amendments to transfer funds from the PSST Fund to the General Fund to offset costs of the Emergency Communications (Dispatch) function in an estimated amount to offset the full costs of the operation, approximately \$1,932,483, OR the "subsidized" portion of the operating costs (the difference between the E911 Tariff revenue and total costs) estimated to be \$1,649,338, OR the portion of the total or subsidized amounts that would be allocated to the additional personnel funded by the PSST which would be an estimated pro-rata transfer of \$339,291 related to the total cost of the Dispatch function or \$289,578 related to the subsidized Dispatch cost.

Councilmember Gallagher asked if cell phones are charged a 911 Tariff and Mr. Francisco said yes. Councilmember Gallagher said there are at least 100,000 phones in Norman and suggested coordinating with phone companies to add an additional fifty cents to the monthly charge for 911 Service. Councilmember Kovach said in order to do that the City would have to have enabling Legislation at the State level and Councilmember Gallagher felt the City should work on that. Mr. Francisco said the tariff charged by the City is currently 3% and Statute allows a maximum of 5% and to increase that from 3% to 5%, would require a vote of the people.

Public Safety Sales Tax Emergency Communications Proposal, Continued

He said in order to go above 5%, the Statute would need to be changed. Councilmember Gallagher felt that would be worth exploring.

Mayor Rosenthal said the Chair of the PSST felt it made more sense that any PSST Funds transferred be proportionate to the number of personnel positions added to public safety, which would be \$339,291. Councilmember Kovach felt this transaction should be done on an ongoing consistent basis. Mayor Rosenthal asked if Council is comfortable directing Staff to draft an amendment based on the \$339,291 as opposed to \$1.9 million and they said yes, but on an annual basis.

Stormwater Utility Fee

Mayor Rosenthal said a stormwater utility fee would have the greatest impact on the General Fund and is an issue important to the community. Councilmember Kovach said Council has discussed implementing a stormwater utility fee and felt it was time to move forward with that. He said there are many services tied to stormwater maintenance so it is not only important to the General Fund and Councilmember Castleberry agreed.

Cost Of Adding Additional Water Wells

Mr. Ken Komiske, Director of Utilities, said the Strategic Water Supply Plan has been narrowed down to three options for obtaining additional water, 1) treat existing wells, 2) use Oklahoma City (OKC) water on a temporary basis, and 3) buy into OKC water infrastructure as a stockholder. He said federal drinking water standards have increased the cost of adding wells. Based on the ten most recently added wells, a new well would supply approximately 250,000 gallons of water per day (GPD) and cost approximately \$900,000. From the time funding is identified and direction from the Norman Utilities Authority (NUA) is given it can be expected that a new well could be brought into service in 18 months. In order to maintain the recharge levels of the Garber-Wellington Aquifer, the Utility Division has tried to keep spacing of at least one half mile between well sites, which has effectively limited the number of wells that can be drilled in areas of the Garber-Wellington within the city limits.

Mayor Rosenthal said one option that was dropped was the drilling of fifty (50) proposed and asked what the logic was of going from drilling 50 wells to zero wells. Mr. Komiske said the option to build 50 wells was a cost scenario to show it would be unreasonable compared to other options such as bringing decommissioned wells back online. Mayor Rosenthal said she did not understand why there is not an option for less than 50 wells and Councilmember Castleberry said the 50 wells were originally proposed to use only groundwater, but that scenario changed and is now part of the entire water solution. Councilmember Kovach said if the City is going to go to the expense of building a new Water Treatment Plant (WTP), the City might as well drill new wells in addition to bringing decommissioned wells online. He said this might give Council more time to explore future options such as gray water re-use to be more self-sufficient on water. He said the City may not have to drill 50 new wells, but 15 might be sufficient with the addition of a WTP. Mr. Francisco said a large expense of a new well is the distribution lines and existing wells have distribution lines so the WTP could be tied into existing lines making the costs lower. He said that is why the option for new wells was taken off the table. Councilmember Castleberry said a factor in that decision is that no one knows what the rules for groundwater will be in the future. Mayor Rosenthal said there will have to be some new lines with a new WTP and is concerned the options were narrowed down too quickly without public discussion.

General Fund Budget Revenue

Mayor Rosenthal said the proposed General Fund Budget has negative net revenues of \$2,909,947 for FYE 2014 and asked the City Manager to update Council on the impact of proposed expenditure reductions. Mr. Lewis said across-the-board cuts can be made in personnel; supplies, materials, and vendor services; overtime allocations; consulting services; and travel and training, but varying levels of impact on public service delivery could be experienced if these reductions are enacted. He said personnel cuts could include part-time personnel in the Parks Department, part-time position in the Finance Department, delay hiring two positions in the Police Department, and four firefighter recruit positions. Supplies, materials and vendor services could include no contracted street sweeping, reducing outside legal expenses, and street asphalt supply programs. Overtime allocation savings could come from Engineering, Development Services, and fire staffing. Councilmember Kovach said many times when you cut positions and/or hours it creates more overtime so it could actually end up costing the City more money. Councilmember Williams asked why Staff chose those three Divisions for overtime cuts and asked if there are other areas in the City where overtime is not permitted. Mr. Lewis said those were the larger overtime user departments, but there are other overtime users in small areas. He said the majority of overtime is in Police and Fire Departments.

Mr. Lewis said consultant services could include administrative and technical services or studies. He said travel and training cuts vary across the board. Councilmember Gallagher suggested travel and training be paid for by the employee. Mr. Lewis said that is possible, but many positions require personnel to receive State training in order to do their job.

Oklahoma Firefighters Pension And Retirement System Contribution Proposal

Mr. Francisco said Staff will prepare an amendment to increase the City's contribution to the Oklahoma Firefighter's Pension and Retirement System for covered personnel from 13% to 14%, an estimated cost of approximately \$120,000 as a result of recent State legislation.

McKinley School Proposal

Mr. Francisco said Council discussed restoring the capital project for McKinley School access improvements to the budget. Since previous Council's discussion was to amend the proposed budget to delete the project, Staff will not prepare an amendment at this time.

Councilmember Castleberry said the City is in a tight situation and asked what would happen next year if Council adopts the budget. He said this needs to be addressed.

Councilmember Gallagher asked if Staff considered selling some City properties such as Sooner Theater and Firehouse Art Center, which could be privatized. He said the Norman Economic Development Coalition (NEDC) made a profit this year so perhaps the City could cut back on that contribution.

Councilmember Kovach asked Staff to look at cost saving measures with the exception of personnel and hourly wage cuts. He said according to the graph Staff prepared Budget versus Actual, every year, except for one, the actual fund balance is multi-million dollars more than what was predicted. He said the City is not here to make a profit, but to provide services to the public and if Council starts cutting those services before they even know there is a need for these services, then Council is not doing their jobs right. He said the budget can be reviewed mid-year after receiving the Comprehensive Annual Financial Report (CAFR) in December and changes can be discussed at that time. Councilmember Williams said he disagreed that cutting services means Council is not doing their job because part of that job is taking care of the public's money and that means looking to the future and discussing all options.

Councilmember Castleberry said in the mid-year review there was a projected beginning Fund Balance of \$2,037,000 and the current projections are \$3.7 million, which is a \$1.7 million increase. He asked what happened in the last four months to increase the budget beyond the original beginning projections. Mr. Francisco said the change is in the assumption that the emergency reserve would not be spent, which added \$1.2 million. He said assuming the City is able to absorb costs for the recent tornado event within the budget that assumption will hold. Councilmember Castleberry asked Mr. Francisco if he was comfortable with that beginning figure of \$3.7 million and Mr. Francisco said yes, but if that changes, Staff would strongly recommend cost saving changes be made.

Items submitted for the record

1. Memorandum dated May 16, 2013, from Anthony Francisco, Finance Director, to Honorable Mayor and City Councilmembers with aerial map of McKinley School
2. Memorandum dated May 3, 2013, from Steven Lewis, City Manager, and Anthony Francisco, Finance Director, to Honorable Mayor and City Councilmembers, with Attachment A, memorandum dated April 8, 2011, from Gala Hicks, Director of Human Resources, to Steve Lewis, City Manager; Attachment B, FYE 2012 through FYE 2018 General Fund Budget, FYE 2012 through FYE 2018 Stormwater Fund Budget, FYE 2012 through FYE 2018 Capital Fund Budget; and Attachment L, Storm Water Master Plan - Creation of a Storm Water Utility and Associated User Charges dated October 2009

The meeting adjourned at 6:30 p.m.

ATTEST:

City Clerk

Mayor