

FINANCE COMMITTEE MINUTES  
November 20, 2013

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 20th day of November, 2013, 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:                      Members Castleberry, Griffith, Heiple, and Chair Kovach

ABSENT:                      None

OTHERS PRESENT:        Cindy Rosenthal, Mayor  
                                 Steve Lewis, City Manager  
                                 Anthony Francisco, Finance Director  
                                 Suzanne Krohmer, Budget Manager  
                                 Clint Mercer, Chief Accountant  
                                 Don Williams, Partner, BKD, LLC  
                                 Joel Haaser, Manager, BKD, LLC  
                                 Brenda Hall, City Clerk  
                                 Shawn O’Leary, Public Works Director  
                                 Greg Hall, Streets Superintendent  
                                 Scott Sturtz, City Engineer  
                                 Gala Hicks, Human Resources Director  
                                 Kathryn Walker, Assistant City Attorney II  
                                 Connor Cox, Finance Intern  
                                 Joy Hampton, Reporter, Transcript  
                                 Roger Gallagher, Citizen

REVIEW CITY OF NORMAN MULTI-YEAR REVENUE PRODUCING CONTRACTS –  
postpone discussion until spring.

PRESENTATION BY BKD, LLC, ON THE FYE 2013 AUDIT AND COMPREHENSIVE FINANCIAL REPORT.

Presentation by Don Williams and Joel Haaser

- Unmodified opinion – no non-compliance
- Deficiencies – past adjustments – not all material
  - Retainage – accounts payable, bond premiums – amortize (one not being properly amortized)
  - Pledged collateral correction
- Recommending – Legal department to review pledge collateral agreements
- Upcoming Pension Change – Police and Fire State Accounting
  - GASB #68 effective next couple of years – June of 2015
  - Book City’s share of liability
  - Pension liability will show up in Governmental Basis

- Could have impact – negative bond rating

Castleberry – had questions regarding the document.

- page 23 – Fiduciary Net Position for pensions;
- page 42 – Pension Liability;
- page 46-47 – OPEB (other post-employment benefits) \$13 million accrued liability, can be amortized
- Risk management
- Page 69 – difference in budget - \$4.8 million variance
- Reasons for variance:
  - \$1.2 in emergency reserve
  - Departments don't spend full budgets
- Budget more accurately
- Rainy Day “triggers”
  - 1% of expenditures
  - Natural disaster, not a federal disaster
  - Federal claimed disaster

Kovach –

- Increase target Rainy Day balance – would have to change ordinance
- Any leftover, Emergency Reserve go to Rainy Day Fund until it reaches its maximum
- Transfer from PSST to Rainy Day Fund this year

Items submitted for the record:

1. Draft of FYE 2013 Comprehensive Annual Financial Report prepared by BKD, LLC

#### CONTINUED DISCUSSION REGARDING CREATION OF A STORMWATER UTILITY.

Presentation by Shawn O'Leary and Scott Sturtz. Handout showing Public Works organizational chart was given to committee showing Storm Water operations.

- Currently 24 staff members and 80 pieces of equipment
- ERU definition – 3,600 sq ft of impervious surface = 1 ER unit
- Rate Tiers Option – now have 7 tiers. \$3.50 - \$15.00 per year on monthly bill
- Impervious surface is greater than the house square footage - \$6 per 3,600 sq ft
- Storm water expenses
  - \$300 thousand/year TMDL costs not included in total cost
- “Enhanced Maintenance” – maintenance we are not currently doing, but can help with or improve
- New shared expenses – additional fleet services; GIS maintenance; GIS flights will be needed more frequently
- Minimum control measures
  - Video survey – line camera crew
  - Street sweepers (4 new /additional staff and sweepers)
- New programs
  - Design/administration of CIP's

- Enhanced maintenance
- TMDL Study (Total Mass Daily Load) – annual expense
- March 2014 – ODEQ will release report requirements
- New additional expenses
  - Reserve savings
  - Trail construction
  - Easements
  - Equipment replacement costs
- FYE 2016 first full year budget – some expenses will be in FYE 2015 budget. Currently spending approximately \$3 million/year on storm water program
- City needs to be spending around \$6 million to \$7 million per year
- No debt service included in projected expenses
- Castleberry - \$1.5 million debt service each year – 5 to 10 year bond. How much could we get?
- FYE 2017 – FYE 2019 budget scenarios
- FYE 2017 – still has 40% expenses paid out of General Fund
- FYE 2019 – all programs phased in with 53% of expenses still paid out of General Fund
- Capital projects ranked in Storm Water Master Plan (SWMP)
- Kovach – what projects can we do with bond/debt financing?
- Castleberry – rate credits given? Rates phased in for businesses?
- O’Leary – Best – general direction is not to give credits at all
- Kovach – If we give credits, give credits to incentivize new growth
- Developers – wetland construction
- Move to Council for further direction
- Work with Home Owners Associations
- Recommendation – look to outside to educate public
- Kovach – set aside funds to educate public
- Cost of public education

Items submitted for the record:

1. Storm Water Master Plan – Storm Water Utility Fees, prepared by Public Works Department

DISCUSSION REGARDING THE CAPITAL PROJECT FOR HEATING AND AIR CONDITIONING IMPROVEMENTS FOR FIRE ADMINISTRATION AND FIRE STATIONS 1 AND 7 FUNDED WITH PUBLIC SAFETY SALES TAX AND OTHER POSSIBLE FACILITY IMPROVEMENT RELATED NEEDS.

Brenda Hall made presentation.

- Portion of PSST funds set aside for heat/air improvements - \$45,000
- We have savings – does Council want to use savings for fire station #5, or does Council want the savings to go to fund balance?
- Kovach – requested cost savings from energy saving projects

- Purchasing software to help get these figures
- Library – looked at electricity – used 15,600 fewer kilowatt hours – approximately \$500 savings
  - Looked at ONG – FYE 10 cost was \$9,500 compared to FYE 13 cost of \$3,739 – savings due to new equipment and contract with Clearwater Enterprises
  - Lighting, heating, fans/boilers – 44% total energy savings
  - 33% savings from lighting change
- Kovach – come back with recommendations for replacements
- Move forward with fire station #5 repairs with savings

Items submitted for the record:

1. Memo from Brenda Hall to Finance Committee, dated November 13, 2013, HVAC Improvements at Fire Stations

#### DISCUSSION REGARDING FYE 2015 BUDGET CALENDAR.

No discussion on this item

Items submitted for the record:

1. FYE 2015 Budget Calendar Draft prepared by Suzanne Krohmer

#### SUBMISSION OF THE REVENUE/EXPENDITURE REPORTS FOR OCTOBER 2013

- Added Fund Balance figures

Items submitted for the record:

1. Summary of Major Funds-General; Capital; Westwood; Water; Water Reclamation; Sewer Maintenance; New Development Excise; Sewer Sales Tax; and Sanitation Fund Revenue Sources vs. Budget, Financial Report as of October 31, 2013.

#### SUBMISSION OF THE REPORT ON OPEN POSITIONS

- Reclassified position of Administrative Assistant in the City Manager's office to Executive Assistant to the City Manager
- Will hold 2<sup>nd</sup> interview next week for Retail Marketing Coordinator position
- Golf Pro – Westwood Golf Course
  - Become City staff member instead of contract employee?
  - Contract the Pro Shop like we do the concessions
  - Oversight Committee already discussed and sent employment ad to PGA
  - The model we have is what is usually done nationwide.
  - Consensus of Committee to carry on with current model
- Castleberry likes and supports the Marketing Retail Coordinator position

Items submitted for the record:

1. City of Norman/Human Resources Department Recruitment and Selection Report dated November 13, 2013

MISCELLANEOUS DISCUSSION

No discussion.

The meeting adjourned at 7:15 pm.

ATTEST:

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City Clerk

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Mayor