

## CITY COUNCIL STUDY SESSION MINUTES

April 23, 2019

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a study session at 5:05 p.m. in the Municipal Building Conference Room on the 23rd day of April, 2019, 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 Bierman, Castleberry, Clark (arrived at 5:30 p.m.), Hickman, Holman, Scott, Wilson, Mayor Miller

**ABSENT:**

Councilmember Carter

Item 1, being:

### DISCUSSION REGARDING THE PROPOSED FYE 2020 CITY OF NORMAN CAPITAL BUDGET AND THE CAPITAL IMPROVEMENTS FINANCIAL PLAN FOR FYE 2021 THROUGH 2024.

Ms. Jane Hudson, Interim Director of Planning and Community Development, said tonight Council will review the proposed Capital Budget for FYE 2020 and Capital Improvements Financial Plan for FYE 2021 through 2024. She provided an overview of the FYE 2020 budget meeting schedule and said on November 20, 2018, Council was updated on the status of budgeted projects and Council priorities on February 26, 2019, when Council discussed proposed new projects.

Ms. Hudson highlighted funds involved in the Capital Improvement Project (CIP) Budget as follows:

- 15 Public Safety Sales Tax (PSST)
- 21 Community Development Block Grant (CDBG)
- 22 Special Revenue
- 23 Room Tax
- 27 Campus Corner Tax Increment Finance District (CCTIF)
- 31 Water
- 32 Water Reclamation
- 33 Sanitation
- 321 Sewer Maintenance
- 322 New Development Excise Tax
- 50 Capital
- 51 NORMAN FORWARD Sales Tax (NFST)
- 52 Park Land and Development
- 57 University North Park Tax Increment Finance (UNPTIF) District
- 78 Arterial Road Recoupment

Ms. Hudson highlighted FYE 2020 Capital Budget Fund sources as:

User Fees - \$12,398,797	PSST - \$807,269
Capital Improvement Charge (CIC) - \$2,182,333	NFST - \$6,100,000
Sewer Maintenance Charge - \$2,800,000	Room Tax - \$90,000
Sewer Excise Tax - \$939,700	Bonds - \$37,041,965
Capital Sales Tax - \$21,761,183	Grants - \$660,510
Tax Increment Finance District - \$1,100,000	
<b>TOTAL REVENUES</b>	<b>\$85,881,777</b>

Ms. Hudson said FYE 2020 Capital Budget Fund for *all* fund expenditure purposes include:

Capital Outlay - \$3,429,581  
Maintenance of Existing Facilities - \$238,000;  
Personnel and Services - \$1,322,281;  
Street Maintenance - \$2,307,877;  
Transportation - \$20,362,605;  
Buildings and Grounds - \$26,569,743;  
Parks and Recreation - \$15,168,860;  
Sanitation - \$210,000;  
Stormwater - \$765,000;  
Water Reclamation - \$5,315,700; and  
Water - \$10,192,130  
TOTAL EXPENDITURES: \$85,881,777

Ms. Hudson said Enterprise Funds include the Water Fund (31); Water Reclamation Fund (32); Sanitation Fund (33); Sewer Maintenance Fund (321); and New Development Excise Tax Fund (322). She said more information on these funds will be presented to Council on April 30th.

There are currently no projects proposed in FYE 2020 for Public Safety Sales Tax Fund (15); Special Revenue Fund (22); Park Land and Development Fund (52); Arterial Road Recoupment Fund (78); and Center City TIF (58).

Ms. Hudson said the CDBG Fund (21) has two new projects to be presented to Council in May that includes the Original Townsite Drive Approach/Driveway Project - \$185,000 and Tree Planting Project - \$50,000.

There is one Room Tax Fund (23) project, the Historic Museum Parking Lot - \$90,000. She said debt service for Westwood Golf Course will be paid off in 2022.

Councilmember Bierman asked if the citywide disc golf improvements include the disc course at Ruby Grant Park and Mr. Jud Foster, Director of Parks and Recreation, said no, it is a separate project. Councilmember Bierman said citywide park improvements are estimated to cost \$21,000 and asked what the improvements include and Mr. James Briggs, Park Planner, said minor general maintenance, i.e., replacing basketball goal nets, keypads, a foot bridge, etc.

Ms. Hudson said the proposed preliminary FYE 20 Budget for the Capital Fund (50) assumes the sales tax allocation to the University North Park Tax Increment Finance (UNPTIF) District has ended and appropriate funds have returned to the Capital Fund. She said Transportation Bond Projects were approved on April 2, 2019, and eight projects have been added in FYE 20. She said \$2,080,000 of PayGo has been returned to the Capital Fund balance and revenues have been adjusted for 2019 General Obligation (G.O.) Bonds. She said all currently programmed project budgets have been reviewed and updated for accuracy.

Ms. Hudson highlighted FYE 20 proposed Capital Fund (50) Budget expenditures as follows:

• Capital Outlay	\$ 3,429,581
• Maintenance of Existing Facilities	\$ 185,000
• Personnel and Services	\$ 1,322,281
• Street Maintenance	\$ 2,307,877
• Transportation	\$17,900,605
• Buildings and Grounds	\$12,429,743
• Parks and Recreation	\$ 38,000
• Stormwater	\$ 765,000
• Bond Issue and Debt Service	\$ 3,674,102
TOTAL EXPENDITURES:	\$42,052,189

The Capital Fund (50) FYE 20 Budget, as printed, has an estimated beginning fund balance of \$20,588,281; estimated new revenues in the amount of \$37,070,576; proposed expenditures in the amount of \$42,052,189; general contingency reserve (7%) in the amount of \$1,123,493; Senior Center reserve in the amount of \$261,770; reserves for bond projects in the amount of \$14,898,113; estimated PayGo (new projects) in a negative amount of \$676,708; and an ending fund balance in the amount of \$16,606.668.

Ms. Hudson said on February 26, 2019, Council discussed additional attention to projects in the Capital Fund which includes existing facilities - \$185,000 (seven ongoing projects); alleys - \$200,000; Americans with Disabilities Act (ADA) improvements - \$130,000 (two ongoing projects); greenbelt acquisition - \$50,000; sidewalks - \$180,000 (three ongoing projects); sidewalks/trails - \$390,000 (five projects).

Ms. Hudson highlighted NORMAN FORWARD Sales Tax Fund (51) PayGo projects as Neighborhood Park Improvements (4th year) - \$500,000; new Neighborhood Park Development (3rd year) - \$300,000; New Trail Development (1st year) - \$2,000,000; Ruby Grant Park Development (2nd year) - \$2,800,000; and Saxon Park Development (2nd year) - \$500,000.

Ms. Hudson said the UNPTIF Fund (57) projects consist of intersection improvements at 24th Avenue N.W. and Flood Avenue at Tecumseh Road (2nd year) - \$320,750 in FYE 18, \$1,310,000 in FYE 19, and \$1,100,000 in FYE 20. She said the Capital Improvement Project (CIP) Budget assumes the UNPTIF allocation for the Robinson Street and I-35 West Frontage Road at Crossroads Boulevard has already been spent.

Councilmember Castleberry said in FYE 19, \$2.4 million was budgeted for Ruby Grant Park and asked if any of that money has been spent and Mr. Foster said money has only been expended for design costs at this time. Councilmember Castleberry asked if that money is carried over into FYE 20 and Mr. Anthony Francisco, Director of Finance, said yes, because the money was budgeted and allocated in FYE 19 it will carry over into FYE 2020 and will be reflected in the ending fund balance for FYE 19.

Councilmember Castleberry said FYE 20 has \$1.5 million budgeted for land acquisition and asked if those funds included the Asp Avenue parking lot. Ms. Kathryn Walker, Interim City Attorney, said the parking lot land was acquired through a lease payment option and payments will be made over the next few years.

Councilmember Hickman asked if the Room Tax Funds will be used for repair and maintenance of the Historic House Museum because he understands there have been some structural problems. Mr. Foster said the \$90,000 in the budget represents a new roof, painting, and construction of a parking lot. He said the structural problems have already been addressed.

Councilmember Wilson said the budget for rural road project funds increased from \$13,000 to \$1 million and asked the reason for that large increase. Mr. O'Leary said the City is approximately three years behind on this program due to a shortage of staff so the \$1 million is being budgeted to catch up on projects needing to be completed. He said the projects include asphalt leveling, chip and seal, drainage, stabilization, and other roadwork issues, which will help with deteriorating rural roadways. He said these rural road projects were identified several years ago and roads will continue to degrade if not taken care of so in order to catch up the work is being done by a contractor.

Councilmember Wilson asked about the multi-modal path on the west side of James Garner Avenue and Mr. Angelo Lombardo, Transportation Traffic Engineer, said that project is one of three program grants the City secured several years ago. He said the City will need more than the \$150,000 local match for the multi-modal path; however, there is some funding in NORMAN FORWARD to assist in building that path.

Councilmember Wilson said the ADA budget was \$408,000, but decreased to \$100,000 and asked what the City did in FYE 19 that cost \$400,000 and Mr. O'Leary said the \$408,000 represents four years of unspent funds being set aside until an ADA Technician was hired and the transition plan completed. He hopes to use that money this year to upgrade facilities and parks to be ADA compliant.

Councilmember Wilson said over the next two years the City is planning to spend \$275,000 to purchase design manuals, is that correct? Mr. Scott Sturtz, City Engineer, said this money will be used to update the City's Engineering Design Criteria (EDC) Manual, which has not been updated in quite a while. He said the manual will be more user friendly for developers and engineers. He said the EDC is generally updated at least every ten years, but Norman has not updated its EDC since 2006.

Councilmember Wilson asked about the generator budgeted in the amount of \$121,000 and Ms. Brenda Hall, City Clerk, said the City has one generator that keeps Building C functioning when power is lost due to downtown power grid issues. She said because of the uncertainty with the downtown power grid, Staff felt generators were needed for all Municipal Complex facilities so departments can continue to function during power outages beginning with Building A. She said a proposed generator for the Administration Building will be included in the funding for the proposed complex remodel. Councilmember Wilson said if there is a problem with downtown power grid that is costing the City \$121,000 then the City should request the electric company to step up their efforts in addressing that issue.

Councilmember Wilson said \$500,000 is budgeted for a new gravel/salt yard and felt the City should not be budgeting that money during this tight budget period. Mr. O'Leary said this is a proposal for a new salt storage facility for snow and ice control. He said the City has one facility at the Lindsey Street Yard and Staff has been proposing this project for the last ten years, which has been postponed every year. Councilmember Wilson asked if there is a cost analysis of what is being incurred every year because the City does not have this facility and Mr. O'Leary said the City has an analysis of lost time and fuel costs for driving from the northwest part of the City to the south side of the City to refill the salt trucks. He said the costs continued to add up as Norman continues to grow. Councilmember Wilson said she cannot support this expenditure unless she hears a compelling argument towards it.

Councilmember Hickman said in regards to the stormwater drainage projects in the budget, the City has a list of prioritized stormwater projects in the Stormwater Bond recently rejected by voters. He said the City can continue to spend the allocated money on smaller projects, but felt the City should begin saving funds to address the larger priority projects within the community. He said the community will never understand the need for a stormwater bond or stormwater utility (SWU) if the City continues to do the smaller projects that basically cover up the critical need for larger stormwater projects. Mr. O'Leary said the City has spent approximately \$500,000 to \$700,000 per year on stormwater projects which gives Staff a tool to help neighborhoods with stormwater issues. He said the City has never had the money to accomplish the \$120 million worth of backlogged projects listed in

the Stormwater Master Plan (SWP). Councilmember Hickman said, in his opinion, stormwater is not a community priority so the City should not spend any money on stormwater. Mr. O'Leary said the City has very few tools for stormwater issues and taking this money away would just make things more frustrating for Staff and neighborhoods that need assistance.

Ms. Carrie Evenson, Stormwater Program Manager, said she understands Councilmember Hickman's argument, but of the \$765,000 budgeted in the Capital Fund Budget each year, \$300,000 of that goes toward the Lake Thunderbird Total Maximum Daily Load (TMDL) requirements. She said it would take 20 years to save the \$10 million needed to complete the top priority stormwater project and money rolls over from year to year if it is not spent on projects. Councilmember Hickman said if \$300,000 needs to be budgeted for Lake Thunderbird requirements then the City should budget only for that.

Councilmember Castleberry said \$285,000 is budgeted for the Buckhorn Drive Drainage Improvements Project and asked why that project was selected over other projects. Ms. Evenson said Buckhorn Drive has a stormwater pipe that is leaking causing a sinkhole in the backyard of a residence and the City does not currently have the Staff ability to fix that problem so Staff made the decision to add the project to the Capital Projects list and contract the project out to solve the situation. She said drainage project requests are reviewed annually and this project has been identified as necessary and while the project may not cost \$285,000 it is a project that could be funded with that money. Councilmember Castleberry said by voting no on the Stormwater Bond and SWU, citizens have let Council know the City needs to fund stormwater so the City needs to start saving for larger projects.

Mayor Miller shares Councilmember Hickman's frustration, but taking money away for stormwater is not the way to tackle this problem. She said the City does not have funding for stormwater and the fact that citizens said no to a SWU just tells her the City did not do an adequate job of making the public understand the magnitude of the stormwater problem. She said this is an untenable situation and trying to put a bandaid on the problem is not enough.

Councilmember Wilson said what she heard from the failed election is that citizens do not believe the City actually has a revenue problem and while they want the City to fix stormwater problems they do not want to pay for it. She said whenever constituents ask her what she has done to help the budget, she can say that she said no to a gravel/salt facility and no to a generator, etc. She said citizens want the City to tighten its belt *and* take care of stormwater projects. Mayor Miller said the general public does not realize the City has been tightening its belt for years and years.

Councilmember Clark said her interpretation of the failed vote is the public saying, "do not spend anymore money on stormwater" and she did not get the impression the public wants the City to spend less money on stormwater. She is not prepared to punish Norman voters for not supporting stormwater because there are citizens affected by stormwater who really need the City's help and many of them are in Ward 6 so she will not support cutting funding for stormwater, period.

Councilmember Hickman said in FYE 19 the City spent \$2.3 million on street maintenance, which is 26% of the Capital Fund Budget by formula. He said the City is never going to fund the top priority stormwater capital projects if the City does not start saving money. He said the City may need to consider changing the percentage formulas in the Capital Fund Budget, make stormwater a priority, and start saving the money.

Councilmember Bierman said the Capital Fund Summary has a lot of parentheses (negative balances) with a \$12 million deficit of reserves in FYE 2024 and feels there is a larger problem brewing. She asked Mr. Francisco to explain the parentheses in the budget and Mr. Francisco said under the assumptions for revenues and expenditures, the expenses outweigh the revenue so decisions have to be made. He said there is more flexibility in the Capital Fund in that if Council decides not to move forward with a capital project, there is no downside to that. If the City continues on the course it is on, the City will not have the money to do any projects in the future.

Councilmember Castleberry said the Capital Fund is not the problem. He said the City has \$17 million annually to spend on projects, but if the City does not have the money it should not spend the money. He said services will not be cut, but projects may be delayed so Council just needs to decide what projects they want to do and what projects they do not want to do.

Mayor Miller said she has faced budget problems throughout her terms on Council, but the deficits seem to be getting larger and asked why. Mr. Francisco said the City will be selling bonds to offset those deficits, but the problem is if the City removed all the bond funded projects there is still an excess of expenditures over revenues. He said Council will have to delay some projects or change the allocations.

Councilmember Hickman asked if Council could dedicate a percentage of the Capital Fund and issue revenue bonds for stormwater projects. Mr. Francisco said the bedrock principle of the citizens approving the .7% of sales tax for projects was that the projects would be done on a PayGo basis to the extent possible. He said the G.O. Bonds in the Capital Fund are a separate issue and whenever there is a fixed amount of sales tax to pay for capital projects, Council has to consider whether to add interest costs to the cost of the projects and that needs to be part of Council's consideration. Councilmember Hickman suggested dedicating \$2.5 million each year of revenue from the Capital Fund as a revenue source for revenue bonds and Mr. Francisco said that means \$2.5 million in capital projects will not be done each year.

Councilmember Scott asked the security measure for ensuring that revenue bond money is not spent for any other purpose but stormwater projects and Mr. Francisco said that money would be obligated to specific projects. He said it would be difficult to use bond money for any other purpose than what projects the bonds were sold for. Councilmember Scott wants to make sure there is no room for misuse or manipulation of that money and Mr. Francisco said the Council would pass an ordinance for the bonds and the ordinance would be law that cannot be changed.

Councilmember Hickman suggested Council consider eliminating some of the transportation projects listed in the Capital Fund Budget, especially projects that do not have federal matching funds secured, and focus on bond projects in the cue. He is concerned that federally funded matching projects are competing with bond projects in terms of time, money, and Staff and Mr. O'Leary agreed and said the City just added 14 new bond projects. Mr. O'Leary said Council placed the road projects in the capital project list because there is no other way to pay for the projects. Mr. O'Leary agreed the City has a lot of projects in the pipeline and is experiencing more competition for federal funds so Staff would not recommend adding more projects. He said some of the projects are development driven and cannot be removed from the project list.

Items submitted for the record

1. PowerPoint presentation entitled, "Capital Funds FYE 2020 - Capital Budget - FYE 2021-2024 Plan," dated April 23, 2019

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The meeting was adjourned at 6:20 p.m.

ATTEST:

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City Clerk

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Mayor