

FINANCE COMMITTEE MINUTES
November 21, 2019

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 4:00 pm in the Municipal Building Executive Conference Room on the 21st day of November, 2019, 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 Scanlon and Wilson

ABSENT: Mayor Clark and Member Bierman

OTHERS PRESENT: City Council Member Scott
 City Council Member Petrone
 City Council Member Hall
 City Council Member Holman
 Darrel Pyle, City Manager
 Anthony Francisco, Director of Finance
 Gala Hicks, Director of Human Resources
 Kathryn Walker, Interim City Attorney
 Shawn O’Leary, Director of Public Works
 Joel Haaser, BKD
 Kirsty Houston, BKD

Item 1, being:

DISCUSSION REGARDING THE FYE 2019 CITY OF NORMAN AUDIT.

Clint Mercer introduced the auditors from BKD, Joel Haaser and Kirsty Houston. Haaser stated that we are wrapping up the financial audit and the final will be in the packet for the upcoming City Council meeting. The management statement analysis will give you an overview of the entire audit. The unassigned fund balance is at over \$13 million, which is really good standing. We expect to issue an unmodified opinion for the City, as we have done for many years.

Francisco stated that in September we told City Council that we had an extra \$3 million in the General Fund. This was spent on the takeover of the Transit System, and the Public Transit vote means we will not be in a bad position next year for that reason.

City Council Member Hall asked if the City is pursuing any other options for use tax collections. Francisco stated that we are in the forefront of the effort to enforce the online sales tax and use tax collections from companies due to Oklahoma municipalities being so reliant on sales tax collections.

Items submitted for the record:

1. City of Norman Single Audit
2. City of Norman Comprehensive Annual Financial Report

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Item 2, being:

DISCUSSION REGARDING POTENTIAL BUDGET REDUCTIONS TO THE FYE 2020 CITY OF NORMAN BUDGET.

Francisco gave handouts. City Council Member Scott stated that on the handout there are many items totaling almost \$6 million that can be considered for budget reductions.

City Manager Pyle stated that he had previous discussions with City Staff about potential cuts and impacts on the budget that could be enacted to deal with our budget shortfall. We also entered into talks with Norman Regional to sell the land on the Porter Campus that we currently lease to them. This land has been assessed at a value of \$5.08 million, and the sale could be completed within 90 days of getting the green light from Council.

Member Wilson asked if there were any other options, such as the Rainy Day Fund that we could tap into. Francisco stated that we could use those funds of around \$700,000 if the Council and City Manager decided, and still maintain the minimum Rainy Day Fund balance.

City Council Member Petrone stated that we do have the ability to make a small amendment of 5% to the UNP TIF plan, which would free up about \$1.7 million. Francisco stated that if you were to do this, the UNP TIF would not naturally end in March, but would be pushed out for more months to make up that revenue that was taken.

Francisco stated that ending the sales tax apportionment to the UNP TIF Fund is what is on the table and is what will balance our budget.

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Item 3, being:

SUBMISSION OF THE REVENUE/EXPENDITURE REPORTS

Francisco stated that the General Fund revenues are now 4.62% below budget for this fiscal year. The Capital Projects Fund reflect about 6% below budget because of the continued sales tax apportionment to the UNP TIF Fund. The sales tax collection for the UNP TIF Fund is 100% above projections.

City Council Member Holman (referring to the Inter-City Sales Tax Growth Comparison) asked if there are any trends going on in the south metro area that reflect why Moore and Norman are trailing so far behind that area in sales tax collection growth. Francisco stated that there are some

Item 3, continued:

areas, particularly in North Oklahoma City, that have new development that have drawn in a lot of business in those areas.

Items submitted for the record:

1. Summary of Major Fund Revenue Sources vs. Budget FYE 2020 as of October 31, 2019
2. Summary of Major Fund Expenditures vs. Budget FYE 2020 as of October 31, 2019
3. Appropriations from Fund Balance FYE 20
4. General Fund Transfers over \$50,000 between Expenditure Categories FYE 20 October 2019
5. Norman Forward Sales Tax Financial Reports
6. Inter-City Sales Tax Growth Comparison

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Item 4, being:

SUBMISSION OF THE REPORT ON OPEN POSITIONS

Gala Hicks stated that we are down 6 Communications Officers, but we have 2 being filled and 3 others that are in the pipeline. The outlook is getting better.

Items submitted for the record:

1. City of Norman Position Vacancy Report dated 11/13/19

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Item 5, being:

MISCELLANEOUS COMMENTS

City Council Member Scott stated she would like to consider raising the franchise fee for OG&E from 3% to 5% to match that of OEC. We would like to also increase licensing fees and check the difference between alcohol and medical marijuana fees.

Member Wilson stated that she would like to check into getting some more revenue out of OG&E when they lease their poles in our rights-of-way to other utility companies.

City Council Member Petrone stated that she would like to look at some of the original ordinances for the Room Tax to see if we might need to send the measure back to the voters.

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ATTEST:

City Clerk

Mayor