



CITY OF NORMAN, OK
CITY COUNCIL FINANCE COMMITTEE MEETING
Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069
Thursday, November 17, 2022 at 4:00 PM

MINUTES

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CALL TO ORDER

PRESENT

Mayor Larry Heikkila

ABSENT

Councilmember Ward 6 Elizabeth Foreman

OTHER

Councilmember Stephen Holman

Councilmember Helen Grant

Councilmember Lauren Schueler

Michele Loudonback, Environmental & Sustainability Mgr.

Wade Thompson, Facility Maintenance Mgr.

Kim Coffman, Budget Manager

Tim Powers, Director of Information Technology

Heather Poole, Assistant City Attorney

Jacob Huckabaa, Budget Technician

Anthony Francisco, Director of Finance

Brenda Hall, City Clerk

Sean O'Leary, Director of Public Works

Clint Mercer, Chief Accountant

Kirsti Houston, Forvis Senior Auditor

Joel Hasser, Forvis Partner

Chris Mattingly, Director of Utilities

Darrel Pyle, City Manager

Jane Hudson, Director of planning & Community Development

Dawn James, Director of Human Resources

Mayor Heikkila called the meeting to order at approximately 4:00 PM.

AGENDA ITEMS

1. DISCUSSION REGARDING THE FYE 2022 PRELIMINARY AUDIT.

City of Norman financial statements were presented to Forvis auditors in September. Forvis has been completing their field work and present today with an unbound version of their final audit. Forvis Senior Auditor Kirsti Houston stated that there were, "no significant issues to address" in the audit. The only thing new from previous years is the introduction of the GASB 87 standard that was adopted. This standard is related to leases and requires that lease assets and lease liabilities be reported. "It's more of a transparency thing and it just affects your balance sheet. Lease liabilities have to be included in total indebtedness or your debt covenants. If a debt covenant is broken, that can be pretty impactful," Houston said.

Chief Accountant Clint Mercer informed the Committee that the City is getting "tight" on the covenant for the Water Fund. Anthony Francisco added, "Investors in our outstanding Utility Revenue Bonds have a contract, have a covenant that we will have sufficient revenues to repay the debt with at least 1.5 times more than what we need to repay their debt." Francisco continued, "We've talked many times about the Water Fund and the need for that water rate increase. We're getting really tight on that. Just know that it means we are either going to have to drastically cut back on our capital schedule in the utilities area or we really need that rate increase. There are some other ramifications that the auditors are pointing out."

December 20, 2022 the City will host a study session to discuss the Water Fund. According to Director of Utilities Chris Mattingly, the City is looking at a water rate increase vote sometime in 2023.

The final and bound audit document will be presented to Council for consideration and adoption at the December 15, 2022 meeting. A single audit report will follow that will reflect a compliance audit of City grants.

2. DISCUSSION REGARDING FUNDING TO ADDRESS DEPARTMENTAL STAFFING LEVELS.

Anthony Francisco led the discussion. He stated that when benchmarking the City of Norman government against other Big 12 city and South Eastern Conference (SEC) city governments, "the findings are remarkably similar," except for the revenue sources and staffing. The findings indicate that Norman is an understaffed operation with sixty-five percent of the City's General Fund revenue coming from sales and use tax. "In most other states, there's a lot more money being shared from the state government to the local government than there is in Oklahoma," Francisco said. "Our General Fund operation is operating with its hands tied behind its back. We should take pride in that, but understand, it's not a level playing field." Francisco emphasized the need for better enforcement of sales and use tax collection.

Francisco provided an overview of on-going expenditures along with the requested staffing positions for Fiscal Year 2023.

3. DISCUSSION REGARDING AN ORDINANCE EMPOWERING THE CITY MANAGER TO SET THE PRICE FOR THE USE OF CITY OWNED CHARGING STATIONS BY OTHER GOVERNMENTAL ENTITIES AND THE GENERAL PUBLIC.

Michele Loudenback led the discussion. She suggested that changes to the vehicle charging station ordinance include the following: designation of reserved parking spaces; descriptions of allowed activity in parking spaces; definitions of terms such as charging station, electric, non-electric, and hybrid vehicles; authorization for the City Manager to set pricing to account for volatility; and the addressing of violations and penalties in Chapter 14 and 20, respectively. It was determined that these changes will be presented to Council for a vote.

4. DISCUSSION REGARDING THE MONTHLY REVENUE AND EXPENDITURES REPORTS.

Mayor Heikkila encouraged the Committee to look in their budget books at the projections for the Water Fund because the figures help build the case for a water rate increase. "We're ok now; but next year, we start into the negative numbers," Heikkila said.

ADJOURNMENT

Mayor Heikkila adjourned the meeting at approximately 5:20 PM.

ATTEST:

City Clerk

Mayor