



MINUTES

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in Study Session in the Executive Conference Room of the Norman Municipal Building on the 16th day of April, 2024, at 5:30 p.m., and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray Street 24 hours prior to the beginning of the meeting.

CALL TO ORDER

PRESENT

Mayor Larry Heikkila
Councilmember Ward 1 Austin Ball
Councilmember Ward 4 Helen Grant
Councilmember Ward 5 Michael Nash
Councilmember Ward 7 Stephen Holman

ABSENT

Councilmember Ward 2 Lauren Schueler
Councilmember Ward 3 Bree Montoya
Councilmember Ward 6 Elizabeth Foreman
Councilmember Ward 8 Matthew Peacock

AGENDA ITEMS

1. DISCUSSION REGARDING THE PROPOSED FYE 2025 CITY OF NORMAN BUDGET – GENERAL FUND AND SPECIAL REVENUE FUNDS.

Mr. Anthony Francisco, Director of Finance, said the budget is a policy document that is also the financial plan for the City, the departmental operations guide, and a communications device for the public. He said budget discussions begin in November with a mid-year review in January of each year and tonight's presentation will be an overview of the General and Special Revenue Funds.

Mr. Francisco said the budget document leads with a summarized format and continues into greater detail. He encouraged Council to read the City Manager's letter in the beginning of the document because it provides a brief background of everything in the budget proposal. He said the budget also contains frequently asked questions (FAQ), such as the number of City employees; Norman's population; Rainy Day Fund balance; progression of NORMAN FORWARD Projects; etc. Additionally, the budget contains organizational charts; sales tax history; unemployment rates; sales tax distribution charts; projected revenues; projected expenditures; property tax distribution charts; revenues by source; expenditures by department; goals and objectives; benchmark comparisons; and a glossary. He said looking forward this is a plan, but in the current year, it is a budget.

Item 1, continued:

Mr. Francisco highlighted Norman's Financial Policies that includes a balanced budget requirement, which translates to "must have a positive fund balance"; five-year forecast; operating, capital and debt reserve; levelized utility rates; utility and room tax transfers to the General Fund; and compliance with the Oklahoma Municipal Budget Act.

The Net Revenue Stabilization Fund policies and assumptions adopted in Ordinance O-1011-58 and amended in Ordinance O-1819-10 include a minimum 3% General Fund operating reserve, 1% General Fund emergency reserve, and 5% Rainy Day Fund. The Rainy Day Fund is a savings account to be used for emergency purposes and has a targeted growth of 5% and a maximum of 6%. The City must have a minimum total reserve level of 8% and a maximum total reserve level of 10% in General Fund expenditures. Council cannot appropriate from the Rainy Day Fund balance unless the General Fund balance falls below 1%, the emergency reserve allocation can be spent on a federal or state declared disaster or a one-time major repair/replacement. Mr. Francisco said the Rainy Day Fund is currently projected to be above the minimum level and \$494,016 below targeted levels.

Mr. Francisco said the FYE 2024 – FYE 2025 Budget's overriding theme is Finishing What We Started, Steady as She Goes. FYE 2025 projected total revenues are \$307,477,182 and revenue sources include Interfund Transfers – 2.5%; General Sales Tax – 30.6%; Other Taxes – 13%; Capital Improvement – 5.7%; Sewer Excise Tax – 0.5%; Sewer Maintenance – 1%; Fees and Charges – 23.5%; Inter-Government – 1.3%; Other Revenues – 16.2%; Cost Allocations – 2.3%; and Internal Charges – 3.6%. Projected total expenditures in FYE 2025 are \$297,924,185 that include Strategic Support and Criminal Justice – 12.3%; Public Safety – 22.6%; Public Works – 9.6%; Water – 12.5%; Water Reclamation – 8.3%; Sanitation – 6.3%; Debt Service – 5.6%; Culture/Recreation – 6.3%; Capital Improvements – 14.4%; Community Development – 2%; and Tax Increment Finance Districts – 0.1%.

FYE 2025 General Fund revenues (\$108,486,122) by source include Transfers – 6.4%; Other Revenues – 2.2%; Internal Charges – 8.5%; Cost Allocations – 5.6%; Interest – 0.2%; License/Fees – 3%; Fines/Forfeits – 1.2%; Other Taxes – 2.3%; Franchise Tax – 6.8%; and Sales/Use Tax – 63.8%.

FYE 2025 General Fund expenditures (\$108,316,271) by department include Administrative and Legislature – 6%; Fire – 19%; Finance – 3%; Municipal Court – 1%; Parks – 9%; Human Resources – 2%; Information Technology – 4%; Police – 29%; Planning – 4%; Public Works – 20%; Legal – 2%; and Other – 1%.

Mr. Francisco said the building industry is a proxy for what is happening in the local economy because when the building sector is up, that means materials are being purchased and sales tax responds to that as well as permit revenues.

Item 1, continued:

General Fund major revenue assumptions include sales tax growth projection of 2%; use tax, franchise fee, and other tax revenue is projected to grow by 2% from FYE 2024 levels; fine and forfeiture revenues are projected to grow by 3% from FYE 2024 levels; no room or water rate increase revenue is assumed; license and permits revenue projected to grow by 1% from FYE 2024 levels; transfers from Water and Water Reclamation Utilities of 5% of their revenue (based on private utility payments for taxes and use of right-of-way); transfers from Room Tax for administrative services (4%); and cost allocation charges for central services provided to utilities.

General Fund major expenditure assumptions include salary and benefit category expenses budgeted for each position in FYE 2025 based on contractual costs assuming merit and longevity cost increases; no cost-of-living adjustment budgeted in FYE 2025; five-year projections made to “determine future viability and to provide a base for remedial policy actions”; salary and benefit category costs assumed to grow by 5% per year in FYE 2025-2028; expenditures in Services/Maintenance and Supply/Materials assumed to grow by 1% in FYE 2025-2028; expenditures in Internal Services category based on budgeted costs in FYE 2025 and assumed to grow by 2% in FYE 2026-2029; employee turnover savings of \$800,000 is assumed in FYE 2025 and in future years; and “subsidies” to Public Transit and Westwood Funds to have \$0 fund balance in Special Revenue, if required.

Personnel changes implemented in the FYE 2024 Budget include closed/eliminated positions – four School Resource Officers – Police PSST; Field Operations Supervisor – Young Family Athletic Center (YFAC); three Program Coordinators – YFAC; three part-time Recreation Technicians – YFAC; six part-time Recreation Leaders – YFAC; three part-time Lifeguard Technicians – YFAC; 12 part-time Lifeguard Leaders – YFAC; and a Utility Supervisor – Sanitation. A Veterinarian Technician for Animal Welfare was recommended by the Finance Committee. There were a total of 43 requests for 107 new positions submitted during the budget process; 53 in the Fire Department, 32 in the Police Department, and nine in the Public Works Department.

Mr. Francisco said all obligated Staff additions have been made in the Public Safety Sales Tax Fund. The relocation of Fire Station 5 is the only remaining obligated critical Capital need. He said the Emergency Communications and Operations Center (ECOC) is nearing completion. The debt for the radio system and ECOC will be paid off in 2027. Mr. Francisco said there is a projected General Fund subsidy of \$1,429,532 in FYE 2024 and \$212,216 in FYE 2025.

Update on the YFAC Special Recreation Revenue Fund – YFAC began operation in FYE 2024 with four full-time and 24 part-time personnel. It is operating +/- 60 hours per week. He said the Norman Regional Health System and concession contractor spaces are also operational. He said intra-city and outside user levels have been extraordinary.

The Room Tax Revenue has been slightly lower the projected at the new rate. Projections are increased for FYE 2025 by 8% based on the effect of the University of Oklahoma joining the Southeastern Conference.

Item 1, continued:

Other Special Revenue Funds include Council on Law Enforcement Education and Training (CLEET); Community Development Block Grant (CDBG); Seizures and Restitution – no budgeted expenditures in FYE 2025; Public Transit – no projected subsidy for FYE 2025; Art in Public Places; and Westwood Park.

Upcoming meetings include Public Budget Hearing on April 23, 2024; Capital Fund Budgets on May 7, 2024; Enterprise Fund Budgets on May 21, 2024; Public Budget Hearing on May 28, 2024; Optional Budget Study Session on June 4, 2024; Council considers adoption of Budget on June 11, 2024; and Fiscal Year 2024-2025 begins on July 1, 2024.

ADJOURNMENT

The meeting adjourned at 6:55 p.m.

ATTEST:

City Clerk

Mayor