City of Stillwater Council Meeting

Talking Points

April 13, 2020

1. What has staff learned from other cities across the state is their response to COVID-19 and the effect it has had on local economies given the fact that Oklahoma is the only state in the nation that does not have access to property tax for operations?
   1. Norman
      1. Budget developed with little impact felt by COVID-19
      2. Budget will be adjusted as data becomes available
      3. Too early to make educated budget decisions
   2. Tulsa - <https://www.tulsaworld.com/news/local/government-and-politics/how-covid-19-outbreak-is-affecting-city-revenues/article_cd90a52a-de91-53a2-9d56-ab61729e643a.html>
      1. March 23, 2020 article – ED to close bars, restaurants and entertainment
      2. Hiring freeze implemented
      3. Too early to make educated budget decisions
      4. Oil and Gas downturn may have a larger impact
      5. Projects a 13% downturn in sales tax from eating and drinking establishments
         1. Haven’t lost 50% of the population
         2. Larger tax base to compare to
   3. Owasso
      1. Owasso City Manager indicates financial position is strong and reserves are adequate to weather the crisis.
   4. Yukon
      1. Yukon is discussing an immediate 2% budget cut.
   5. Oklahoma City
      1. Oklahoma City passed a small business incentive program related to COVID emergency;
      2. Waived the formal competitive bid process for COVID related emergency purchases.
   6. Mustang
      1. Approving budget as developed
      2. Too early to make educated budget decisions
   7. Oklahoma Tax Commission economists are taking a wait and see stance.
   8. Brookings Institute observations[: https://www.brookings.edu/blog/the-avenue/2020/03/31/when-will-your-city-feel-the-fiscal-impact-of-covid-19/](file:///\\userdata.stw.local\profiledata\melissa%20reames\Documents\Emergency%20Proclamations\:%20https:\www.brookings.edu\blog\the-avenue\2020\03\31\when-will-your-city-feel-the-fiscal-impact-of-covid-19\)
      1. Cities with both a vulnerable economic composition (greater than 15% share of employment in high-risk industries) and a tax structure that is highly reliant on elastic sources of revenue (greater than 25% share of general fund revenues) will feel a dip in revenues more quickly than those with alternative economic and fiscal structures.
      2. In places that rely heavily on sales taxes—such as Tulsa, Okla., Lincoln, Neb., and Denver—the closing of retail sales outlets will generate an immediate reduction in city revenue. Oklahoma City’s sales tax contributes 54% of its general fund revenues, for example, while 20% of its workers are in vulnerable industries.
      3. A reliance on income taxes (as in Columbus) or sales taxes (as in Oklahoma City) will generate a strong shock to a city’s fiscal system as the COVID-19 pandemic continues. The fiscal impacts will likely appear within a month or two, and require those cities to adjust their budgetary expenditures in short order.
   9. Government Finance Officers Association
      1. Document entitled Cash is King - <https://www.gfoa.org/cash-is-king>
      2. Six areas of focus during financial downturn
         1. Personnel
         2. Reduce Capital Spending
         3. Reduce Materials or contractor costs
         4. Create More advantageous inflows and outflows of cash
         5. Get new resources
2. Actions taken by City of Stillwater leadership team
   1. Leadership team consists of the following:
      1. Norman McNickle, City Manager
      2. Melissa Reames, Deputy City Manager/CFO
      3. Paula Dennison, Assistant City Manager
      4. Christy Luper, HR Director
      5. Christy Cluck, Finance Director
      6. Monty Karns, City Engineering Director
      7. Sherry Fletcher, Marketing and Civic Engagement Director
      8. Rob Hill – SEMA
      9. Brad Stewart – Information Technology
   2. Areas of concentration
      1. Personnel – Luper and Dennison
         1. Safety of employees in conjunction with adequate staffing
            1. Continue to implement practices recommended by the CDC
            2. Reduced staffing in alternating shifts
            3. Employees working from home in the best interest of their colleagues and maintenance of core services
         2. Staff communication
            1. Weekly department head meetings
            2. Encourage departmental meetings
            3. All employee emails
            4. Zoom meetings
         3. Each open position considered on a case by case basis.
         4. Assess staffing
            1. Rethink staffing ratios
            2. Redeploy staff where needed
            3. Reduce service levels where needed
         5. HR is reviewing with CMO future plans for personnel with job security as the primary goal
      2. Finance – Cluck, Reames and Hill
         1. Measures applied to COS, SUA and SEDA
         2. Purchasing cards
            1. Institute reduced pcard issuance
            2. Reduce pcard limits
         3. Purchasing
            1. Require requisition/purchase order on all transactions
            2. Workflow with final approval at CMO level – Reames with Dennison as backup
            3. Justify each purchase through end of FY2020 Q4
            4. Evaluate need – how would citizens react to the purchase during this pandemic
         4. COVID-19 Tracking – Hill and Cluck
            1. Expenses related to COVID-19 are being track in project 20GG03101
            2. Preparedness, overtime, equipment, etc. will potentially be reimbursed at 75-25.
            3. Filed a request for public assistance(RPA)
            4. Signed the state and local agreement (SLA)
            5. Waiting on the direct application form and next week’s briefing
         5. Budget
            1. Evaluation of construction capital projects for timing and federal stimulus - Karns and department heads

Project funds could be redirected by council/trustees

* + - * 1. Elimination of non-essential expenditures

Travel

Food

Training

Overtime

Office Supplies

Anything beginning with miscellaneous

* + - * 1. Preparation of 25% and 40% reduced departmental operating budgets for FY2021

No ideas are off the table at this point

Shifting expenditures to restricted funds where allowed

Personnel impacted from the open position stand point

* + - * 1. Revenue projections

Sales tax

Sales tax on February sales reported in March and apportioned in April totaled $2.3 million

Up $436,245 in total from same time FY19

Over budget by $527,205

Amount needed to meet budget $4.2 million in May and June

Projections

Reviewed February 2020 collections (January 2020 sales) based on industry code = National American Industry Classification System (24 high level classifications)

**$65,150** Information (Newspapers, Books, Radio, Movies, etc)

**$87,567** Wholesale Trade

**$127,263** Utilities

**$450,067** Accommodation and Food Services

**$574,138** Retail Trade - Motor Vehicle, Furniture, Home Furnishings, Electronics, Building Material, Lawn and Garden, Food and Beverage, Health and Personal Care, Gasoline Stations, Clothing, Shoes and Jewelry

**$798,597**  Retail Trade - Sporting Goods, Hobby, Music, Books, General Merchandise

Total top six categories - $2.1 million

50% loss - $1 million monthly; $12 million annually

Dedicated sales tax to SUA and ½ cent transportation reduced

Use tax

Use tax reported in March and apportioned in April totaled $235,808

Up $465,228 in total from same time FY19

Over budget by $304,216 (includes budget amendment)

Amount needed to meet budget $184,624 in May and June

Projections

Some internet sales are included in use tax

Anticipate that use tax will continue strong through the end of FY2020

Utility Sales

Loren Smith projected usage

Anticipate a 23% drop in usage

Effects sales tax collections

Effects transfer

Dedicated sales tax reduced

* + - * 1. Federal/State stimulus

Investigating federal stimulus through state agencies

Federal stimulus directed at metropolitan areas

Apportionment methodology to small municipalities under development

* + - * 1. Grants

Active investigation underway

Interviews with grants consultant April 14 and 15

Grants consultant paid flat fee plus commission

* + - * 1. Transfers

RSF transfer – not in resolution; trustees can redirect

Water/wastewater - funds established per resolution; trustees can redirect with new resolution

* + - * 1. Reserves

Council/trustees can direct the use of reserves

Once used need to be repaid

Single infusion of capital

Safeguard against additional hazard

* + - 1. Information Technology – Stewart and Fletcher
         1. Teleworking
         2. Virtual meetings for Council
         3. Cyber security
      2. Communications – Fletcher, Hill, and McNickle
         1. Speak up Stillwater page
         2. Website
         3. Social media
         4. Virtual meetings for Council
         5. Press releases
         6. Radio
         7. Podcasts

1. What does the City plan for and how do we proceed?
   1. Questions and assumptions
      1. How long will the recovery period be?
         1. Assumption – less than five years
      2. What factors indicate recovery is achieved?
         1. Declarations lifted
         2. Businesses reopen
         3. New businesses back fill permanently closed businesses
         4. Events such as graduations, weddings, reunions and funerals resume
         5. Sales tax achieves a degree of stability
      3. What factors effect recovery?
         1. Will OSU students return to Stillwater and when?
         2. Will events such as the Arts Festival, graduations, athletics, conferences, OSU homecoming, Merry Mainstreet, etc. be held on schedule?
         3. Which businesses survive the downturn?
         4. How many residents leave Stillwater?
         5. Did Stillwater get a complete count on the census?
         6. Will commercial air survive in Stillwater?
         7. How much federal stimulus will Stillwater receive?
      4. What is the City of Stillwater, both the community and the government organization, doing to adapt to the new normal?
         1. Government Organization
            1. Reducing expenditures
            2. Looking for efficiencies
            3. Rethinking “we’ve always done it this way”
            4. Sharpening the saw
         2. Community
            1. Developing partnerships – pop up grocery stores
            2. Taking advantage of federal stimulus programs
            3. Innovating
            4. As a community we will be judged on how we handle this crisis
            5. Leadership has been applauded