

CITY COUNCIL STUDY SESSION MINUTES

April 1, 2014

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in study session at 5:30 p.m. in the Municipal Building Conference Room on the 1st day of April, 2014, 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 Castleberry, Griffith, Heiple, Holman, Jungman, Kovach, Miller, Williams, and Mayor Rosenthal

ABSENT: None

Item 1, being:

DISCUSSION REGARDING ESTABLISHING A STORM WATER UTILITY FEE.

Mr. Shawn O'Leary, Director of Public Works, said in the fall of 2013, the Finance Committee recommended Staff bring forward options regarding a future Storm Water Utility (SWU) fee for Norman. He said Staff will highlight what might be a future SWU for Norman that will include numbers, concepts, etc., not only from the Storm Water Master Plan (SWMP) recommendations but also from work that Staff has done in recent months to refine a SWU fee.

Mr. Scott Sturtz, City Engineer, said a SWU fee in Norman would provide the following:

- Improved water quality/water supply;
- Less flooding;
- Reduce erosion and improve stream stability;
- Recreational opportunities with greenbelts along stream corridors;
- Needed relief to Norman Property Owner Associations (POA);
- Key component of City Storm Water Master Plan; and
- Financial relief to City's General Fund.

Mr. Sturtz said Norman is the only large city in Oklahoma without a SWU - there are 24 SWU in Oklahoma and more than 2,000 nationwide. He said the current storm water related expenses for the FYE 2014 Budget are \$2,949,344 and are broken down as follows:

• Salaries and benefits for 26 storm water division employees:	\$1,901,057
• Supplies and materials, i.e., 53 pieces of equipment:	\$ 416,469
• Services and maintenance: three crews that maintain:	\$ 287,057
○ over 450 miles of the storm sewer collection system;	
○ mow rural rights-of-way (ROW) and drainage ditches and urban storm ditches;	
○ litter crews; and	
○ street sweeping	
• Internal services: Oversight of the Phase II Storm Water Permits, citizen inquiries, and Capital Projects:	\$ 201,361
• Capital equipment:	<u>\$ 143,400</u>
TOTAL	\$2,949,344

Mr. Sturtz said the proposed Equivalent Residential Unit (ERU) is 3,600 square feet and explained how the formula was developed. He said the average residential home in Norman is 2,900 square feet and would have an additional 700 square feet of impervious area, such as a driveway, patio, sidewalks, etc.; therefore, the total impervious area would be approximately 3,600 square feet. He said a single family residential utility rate based on a \$6/3,600 square foot ERU was calculated for homes. Mr. Sturtz said the ERU calculations were used to create a tiered structure with seven tiers grouped on square footage of impervious area and monthly rates range from \$3.50 to \$15.00. Councilmember Castleberry asked

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whether the property owner or the City owned the sidewalks and Mr. O'Leary said sidewalks exist on public ROW, but it is the responsibility of the property owner to maintain. Mr. Sturtz emphasized that when calculating the ERU, sidewalk(s) do not appear to be a factor that pushes the ERU up or down significantly. Mr. O'Leary said the proposed ERU is an average in terms of impervious areas, not an average of house size and/or value, and felt the created tiered structure previously discussed at the Finance Committee will help further assist with understanding the SWU.

Mr. Sturtz said Geographical Information Systems (GIS) compiled data for all the residential addresses in Norman into a spreadsheet and categorized the single family residential addresses in 500 square foot increments so they could be broken down even further. He highlighted the seven tier spreadsheet which begins calculating impervious areas from 0 to 2,000 square feet in Tier One and up to 8,001 square feet and above in Tier Seven. Mr. Sturtz said that Tiers One, Two, and Three make up 60%, or two-thirds, of the homes in Norman and will fall below the \$6.00 ERU. The total annual revenue stream for Tiers One through Seven will be approximately \$2,528,352.

Mr. Sturtz highlighted a storm water utility fee survey compiled by the City of Stillwater that included both residential and multi-family units for 23 Oklahoma cities. He said most of the cities' SWU fees ranged from \$0.75 to \$5.53 per month and the cities of Midwest City, Oklahoma City, and Yukon based SWU fees on the water meter size; whereas, their SWU fees ranged from \$2.00 to \$19.30 per water meter per month. Councilmember Miller asked the difference between ERU calculations versus water meter size calculations and Mr. O'Leary felt the water meter size calculation is a more simple formula which does not include ERUs and/or GIS data. Councilmember Williams asked why most of the cities' ERU fees were not comparable to Norman's proposed ERU fee and Mr. Sturtz said most of the cities were smaller in size and therefore had less storm water needs than Norman. Mr. O'Leary said many of the smaller cities do not have an Environmental Protection Agency (EPA) Storm Water Phase II program like Norman has; therefore, it has been a challenge to find comparable cities.

Mr. Sturtz said Staff determined that a comparison of the Big 12 University cities should be completed in order to gain more perspective. He highlighted SWU fees for the Big 12 Universities, as well as other comparable university cities, which included their billing methods, i.e., flat rate, ERU tier, or meter size and the monthly ranges were \$0.50 to \$15.50. He said to get every city, including Norman, on an *equal* basis and determine what each City would charge for the same size structure with impervious area, Staff further compared the university cities by equating their equivalent cost for 3,600 square foot home/impervious area and the ranges were \$1.00 to \$14.92 per home per month. Mr. Sturtz said with the comparison, Norman fell in the middle at \$5.75 per month.

Mr. Sturtz said all parcels that are not single-family residential will be computed using a \$6.00/3,600 square foot ERU and would have a total annual revenue of \$3,386,416. He highlighted the ERU based categories as follows:

- Multi-Family Residential: 873 parcels having an average of 26,695 square feet of impervious surface. Average monthly bill would be approximately \$44.49 with total yearly revenue of \$466,086.
- Commercial/Industrial Institutional: 3,026 parcels having an average of 34,466 square feet of impervious surface. Average monthly bill would be approximately \$57.44 with total yearly revenue of \$2,085,882.
- Agricultural: 2,764 parcels having an average of 12,136 square feet of impervious surface. Average monthly bill would be approximately \$20.22 with total yearly revenue of \$670,870.
- Miscellaneous: 613 parcels having an average of 13,342 square feet of impervious surface. Average monthly bill would be approximately \$22.24 with total yearly revenue of \$163,578.

The total projected revenue from a SWU fee is \$5,914,768 and is broken down by single-family \$2,528,352 (42.7%) and non-single-family \$3,386,416 (57.3%).

Councilmember Miller asked what parcels would be classified as "institutional" and Mr. Sturtz said institutional parcels are churches and/or schools.

Mr. Sturtz highlighted the SWMP projected annual storm water related expenses, stating the information was gathered from Table 8-12 in the SWMP. He said Norman does not currently track expenses in these categories, the figures do not account for existing expenses, and the Lake Thunderbird Total Maximum Daily Load (TMDL) costs of \$300,000 per year were not accounted for in the SWMP.

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The SWMP projected annual storm water related expenses include:

• Operation and Maintenance	\$ 459,799
• Shared City services	\$ 129,465
• Minimum control measures	\$ 748,616
• Reserve funding	\$ 265,000
• Enhanced maintenance	\$ 1,273,080
• Capital Improvement Program	\$ 2,325,440
• Access/Trail construction	\$ 1,081,600
• Easements and ROW	\$ 265,225
• <i>Less</i> interest on cash accounts	<u>\$ {20,758}</u>
TOTAL	\$ 6,522,467

Mr. Sturtz said Staff felt it was important to make sure activities and programs were added to the SWMP that would benefit the community and highlighted the proposed storm water utility programs as follows:

- Additional stream maintenance (328 miles): many of the stream corridors need additional maintenance and repairs. Staff will perform a stream corridor “blitz” each year; for example, Imhoff Creek in year one, Bishop Creek in year two, etc. Mayor Rosenthal asked whether Staff currently mows and removes the tree debris during stream maintenance and Mr. Sturtz said yes. She asked how much of the 328 miles of streams are done annually and Staff said probably less than half, i.e., Staff mows every City maintained stream a minimum of twice per year, but often other maintenance needs are not accomplished annually. Mr. O’Leary said nearly 70% of the City’s streams and channels do not have easements; therefore, the City cannot legally enter those spaces to do maintenance work. Councilmember Castleberry asked whether proposed stream maintenance would affect the natural filtering that occurred during rain events and Mr. Sturtz said any debris in the concrete channel(s) will diminish the flow and/or take up capacity which increases the risk of flooding. Mr. Sturtz said during stream corridor maintenance however, Staff will not remove all the vegetation because it does serve as a positive filtration by helping to remove contaminants as well as helps maintain the stream banks, i.e., keeping them from being vulnerable to erosion. He said in regards to the proposed stream corridor blitz, Staff would hit each of the stream corridors hard and heavy at the front getting them up to maximum maintenance and then the stream corridor maintenance would decrease from that point going forward;
- Enhanced maintenance: a program to aid property owners and home owners associations (HOA) with repairs to drainage facilities, detention basins (191 located within Norman), dams, and structures. Mr. Sturtz said Council approved Contract No. K-1213-178, with Cambridge Estates HOA, Inc., for a 50/50 share pilot program, for storm water system drainage flume repairs located in Cambridge Addition, Section V. He said the pilot project is currently out to bid and Staff is excited to see how this project can work for other HOAs;
- Storm water pipeline inventory (138 miles): pipes as old as 90 years, sizes from 12 inches to 10 x 10 boxes, part of the City of Norman Municipal Separate Storm Sewer System (MS4) permit, will help identify illicit discharges to the storm water pipeline system, and will indicate areas in need of repairs. Mr. Sturtz said this proposed program will assist with storm water quality as well as storm water quantity;
- Additional street sweeping: part of the City of Norman Municipal Separate Storm Sewer System (MS4) permit, removes contaminants from the street surface reducing the pollution transported to streams and ultimately Lake Thunderbird, and adds four new sweepers and four operators for a total of six street sweepers to serve Norman. Mr. Sturtz said four street sweepers could be utilized in urban quadrant areas of the City, one in each quadrant, and then two street sweepers could be utilized on arterial streets;
- Capital Projects: includes engineering, administration and inspection of the capital projects program. Additional capital projects will be completed to address the proposed projects from the SWMP to include:
 - ❖ SWMP projected \$82.5 million in 59 projects,
 - ❖ current 2012 Bond Projects (West Main Street Bridge and Lindsey Street) complete \$17.5 million in bond projects, and
 - ❖ remaining capital projects \$65 million;

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- Lake Thunderbird Total Maximum Daily Load (TMDL): published by the Oklahoma Department of Environmental Quality (ODEQ) on November 13, 2013, which requires a compliance plan (\$250,000 for the first year) to be submitted and a monitoring and reporting program (\$300,000 for 2nd and future years) to be implemented within two years (November 2015), the TMDL is for a total nitrogen, total phosphorus, and a total suspended solids. Oklahoma City and Moore must also comply with the TMDL.

Staff highlighted new shared expenses as follows:

- Geographic Information (mapping) System (GIS) maintenance: GIS will be utilized regularly to determine fees and more frequent aerial photo flights will be required to keep all fees current;
- Additional Fleet services: if further equipment is necessary for the expanded programs the utility would supplement Fleet for the maintenance of the equipment;

Councilmember Castleberry asked Staff how new homes will be tracked and Mr. Sturtz said new homes are tracked according to when building permits are issued and then confirmed by GIS aerial photo flights. Mr. Sturtz said other SWU program expenses include reserve savings for projects that may have an immediate need, e.g., *access/trail construction* for equipment access to stream corridors and the possible utilization as a trail system; *easements/acquisitions* 70% of the streams in Norman do not have access easements from property owners to access streams to perform maintenance and repairs; and *equipment replacement costs* setting aside funding to replace equipment such as skid loaders and/or backhoes when needed, rather than taking funding out of Capital Improvements. Mayor Rosenthal asked if the City was obtaining easements on new projects and Staff said they had been obtaining easement for a number of years now.

Proposed Storm Water Utility Budget 2016-2020

Mr. Sturtz highlighted a proposed SWU budget for 2016 – 2020, stating the expected revenue is the total revenue from a single family residential tiered structure and an ERU based non-single family residential, less a 5% deduction for houses and/or business that will not pay, miscalculations and/or issues with the GIS system, etc. He said there are expected expenses for each year and earlier years will have higher costs due to implementing new programs, buying new equipment, etc.; however, over time those upfront costs will diminish and level off. Mr. Sturtz said projections do not account for inflation or additional revenue from growth and unbudgeted funds can be utilized to fund more storm water activities or offset current storm water expenditures in the General Fund.

The original SWMP proposal was \$6,522,467 and the proposed FYE 2017 budget is \$5,619,029. Mr. Sturtz said the Storm Water Master Plan was a two-prong approach, a utility and issuing bond. He said the bond varied on how the level of comfort was on the utility fees, so there was always the plan for both. Mr. Sturtz said what has been incorporated was some funding to get through that and start completing the projects.

Mr. O'Leary said the general direction from the Finance Committee was that the timing is not right for another bond issue so Staff was to focus on the utility and concentrate on the service program. He said in the future, it will either be an exclusive bond election for storm water or embedded in another set of projects such as what was recently done on the Lindsey Street Project. Mayor Rosenthal said theoretically the unbudgeted funds for some of the capital projects can be used as a revenue stream.

Mr. Sturtz highlighted expense categories of the original SWMP (\$6,522,467) versus the proposed SWU FYE 2017 Budget (\$5,619,029). He said the proposed FYE 2017 SWU budget includes annual cost for maintenance crew, additional mechanics, two street sweepers, a line camera crew, a CIP inspector, and TMDL costs of \$300,000 per year for sampling and program costs.

Mr. Sturtz said Staff is at the following steps and requested Council guidance regarding whether:

1. SWU goals are adequately addressed,
2. Is funding adequate to meet SWU goals, and
3. Possible election date for SWU.

Councilmember Williams asked whether other departments currently pay GIS shared costs and Mr. O'Leary said yes, both the Utilities Department and the Enterprise Funds pay. Councilmember Williams asked, in regards to the parcels

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based on ERU, what percentage is the University of Oklahoma (OU) paying on the Commercial/Industrial/Institutional and Mr. O'Leary said OU would pay approximately 12-15%. Councilmember Williams asked whether OU would be participating and/or do they have to pay. Mayor Rosenthal said yes, stating there is language in most of the City utility contracts with OU that make reference to existing rates as established by the City of Norman. She felt it was also worth pointing out that OU pays a storm water utility fee to the Cities of Oklahoma City and Tulsa.

Councilmember Williams asked how many Norman households do not get a utility bill and Mr. Anthony Francisco, Finance Director, said there are some customers that would be "water only" customers, some that would be "sanitation only" customers, and some that would be "storm water only" customers. Mr. Francisco said the number of "storm water only" customers will be approximately 1,500 which is less than 5% of the 32,000 total units/households. Councilmember Miller asked if those "storm water only" customers would be primarily Ward 5 residents and Mr. O'Leary said they will be both east and west residents, but primarily east.

Councilmember Kovach said he felt strongly about sitting down with a round table type of group of citizens from various sectors to discuss to gain their support before the City settles on the final rate structure and/or proposition. He said in order for this to be successful, the City will need broad-based support and a group should be put together quickly in order to get recommendations to move the SWU forward. Mayor Rosenthal said the Storm Water Task Force, a very broad-based group, met throughout the SWMP process and unanimously supported all residents/parcels being a part of the ERU concept with no credits and/or exemptions. She felt a task force was not needed at this time; however, she did feel it would be very appropriate to have a variety of group meetings and/or series of multiple focus groups to gain input going forward and Council agreed.

Councilmember Williams asked what type of relief or help will be offered to Property Owners Associations (POAs) and/or Home Owners Associations (HOAs) and Mr. O'Leary said the program budgets \$1.2 million for enhancements to POAs and HOAs and is looking at assisting with the more complicated items such as dams, boxes, concrete liners, etc., because POAs and HOAs do not know how to design them, who they should hire, etc.

Mayor Rosenthal asked whether Council desired to move forward the proposed seven tiered system or less. Council discussed and supports moving forward with the current proposal and gaining input.

Items submitted for the record

1. PowerPoint presentation entitled, "Storm Water Master Plan Storm Water Utility Fees, City Council Study Session" dated April 1, 2014, presented by Shawn O'Leary, Director of Public Works, and Scott Sturtz, City Engineer

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The meeting adjourned at 6:45 p.m.

ATTEST:

City Clerk

Mayor