

CITY COUNCIL STUDY SESSION MINUTES

April 5, 2016

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a Study Session at 5:07 p.m. in the Municipal Building Conference Room on the 5th day of April, 2016, 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 24 hours prior to the beginning of the meeting.

PRESENT: Councilmembers Allison, Castleberry, Heiple, Holman, Jungman, Lang, Miller, Williams, Mayor Rosenthal

ABSENT: None

Item 1, being:

CONTINUED DISCUSSION REGARDING THE CREATION OF A STORM WATER UTILITY.

Mayor Rosenthal said tonight's meeting will continue the important discussion of a Storm Water Utility (SWU). She said SWU options can be complicated and need to be examined thoroughly in order to address all citizen concerns as well as Council concerns.

Mr. Shawn O'Leary, Public Works Director, said Council requested Staff bring back enhanced information that will clarify any confusion about previous proposed budgets and the amount of funding needed for the operation and maintenance of storm water facilities as well as storm water system planning and management.

Mr. O'Leary said the original Storm Water Master Plan (SWMP) proposed budget for NEW storm water services was \$6.5 million in November, 2009. Mayor Rosenthal asked for clarification of the line item for Capital Improvement Program within the SWU program and Mr. O'Leary said the line item is for the smaller capital improvements which have always been included in the SWMP program.

Mr. O'Leary said after a series of SWU discussions from the winter of 2013 to the spring of 2014, Staff proposed the original SWMP of \$6.5 million be reduced to \$4.4 million at an April, 2014, Council study session and again at a June 2014, SWU Public Meeting. He said reducing the amount was done in order to get the rates down as low as possible while still providing a high level of service to the citizens. Mayor Rosenthal clarified that Council did not take any formal action, but rather endorsed the proposed FYE 2016 Budget for the NEW storm water services. Mr. O'Leary said it is also important to note that the reduced \$4.4 million figure did not include the Oklahoma Department of Environmental Quality (ODEQ) mandated requirements sanctioned to the City in 2015.

Mr. O'Leary said Staff recommended the \$4.4 million proposal for the SWMP budget for the FYE 2017 Budget at the February 11, 2016, Budget Retreat and again at the March 10, 2016, Finance Committee meeting. He said during the Finance Meeting, Staff was requested to add \$500,000 to the Capital Improvements Program which brought the proposed additional Storm Water Budget with SWU for FYE 2017 to \$4.9 million. Mr. O'Leary said the FYE 2017 Storm Water Budget total is \$8.2 million; \$3.2 for the current City storm water budget (General Fund) for FYE 2016 and \$4.8 million for the proposed additional City storm water budget with the SWU for FYE 2017. Mayor Rosenthal stated, as an observation, the City is dealing with the original SWMP proposal with numbers that were estimated for FYE 2011 and FYE 2012, and Mr. O'Leary said that is correct. He said the proposed SWMP budget for FYE 2017 is even lower than the proposal for the SWMP for FYE 2015 which was closer to \$9.5 million.

Mr. O'Leary highlighted the Operations and Maintenance as follows:

- Additional Stream Maintenance: \$933,682 – many of the stream corridors need additional maintenance/repairs; perform a stream corridor “blitz” each year, i.e., Imhoff Creek in year one, Bishop Creek in year two, etc.; and this would allow for preventative maintenance of streams and channels;
- Additional Street Sweeping (unfunded State mandate): \$338,009 – already part of the City's storm water permit and Total Maximum Daily Load (TMDL); removes contaminants from the street surface reducing the pollution

transported to streams and ultimately Lake Thunderbird; adds four (4) new sweepers and 4 (four) new operators for a total of six (6) street sweepers to serve Norman; and the current street sweeping program sweeps arterials every other month and neighborhoods when available versus proposed street sweeping program to sweep arterial twice a month and neighborhood streets quarterly;

- Minimum Control Measures (unfunded State Mandate): \$141,616 – Enhanced construction site inspections for improved water quality to include: additional inspector and required equipment, inspections would be more frequent, more in-depth, and more timely enforced; reduced violations and discharge of pollutants; and ensure compliance with ODEQ Permits OKR04, OKR10, and the Lake Thunderbird TMDL.
- Lake Thunderbird TMDL (unfunded State Mandate): \$300,000 – published by the ODEQ on November 13, 2013; Compliance Plan implemented within two (2) years (November 2015); TMDL is for total nitrogen, total phosphorus and total suspended solids; ODEQ approval requirements are pending; and Oklahoma City and Moore must also comply with the TMDL.
- Storm Water Pipeline Condition Assessment (unfunded State Mandate): \$681,195 anticipated for FYE 2018 – 138 miles of pipes are as old as 90 years; sizes from 12 inches to 10 feet boxes; this will help identify illicit discharges to the storm water pipeline system; and will indicate areas in need of repairs; and
- Neighborhood Enhanced Maintenance: \$250,000 – a program to assist property owners and Home Owners Associations (HOA) with repairs to small drainage structures such as flumes, inlets and outlets in ponds, and drainage channels; 50/50 cost share with HOAs or property owners on maintenance issues; complete two (2) to four (4) per year; and average costs per project up to \$100,000.

Councilmember Allison asked how the budget for equipment replacement went from zero in 2014, to \$500,000 in 2015, and asked whether this figure is for new or replacement equipment. Mr. O’Leary said in 2014, the reality that the City was very behind with replacing equipment became clearer and felt the \$500,000 was added to the budget since it was a key issue to both Council and Staff. Councilmember Allison asked whether the City could begin with \$100,000 versus the \$500,000 and Mr. O’Leary said the \$500,000 proposal is to buy new equipment which can be very costly as well as an attempt to accommodate more frequent purchases of street sweepers, backhoes, excavators, etc., on a more regular basis rather than falling behind again. Mayor Rosenthal reminded Council of the Fleet Management Study that was conducted during the 2014 timeframe that gave everyone a better understanding of replacement equipment schedules etc.

Mayor Rosenthal suggested roadside mowing not be a part of the SWU and instead leave it in the General Fund, Street Department budget. Mr. O’Leary agreed and felt a SWU should be confined and/or used for storm water issues. Councilmember Lang asked about neighborhood maintenance improvements, specifically are the problems/issues that the City has learned about with current development(s) not only being addressed but is the City making sure those problems/issues are not repeated within newer development(s). Mr. O’Leary said development standards and design practices are better than they were 20 years ago and felt they continued to improve all the time. Councilmember Lang asked whether this line item can be reduced over time as the problems are addressed and/or corrected and Mr. O’Leary said it certainly could. Mr. O’Leary felt a number of factors could affect the neighborhood maintenance improvements to include bond-funded programs that can fix/correct the larger issues; however, more and more issues are coming to light than going away so it is hard to know where the trend will take us.

Councilmember Castleberry asked whether there is a parallel between the neighborhood maintenance improvements/replacement projects and the sewer improvements/replacement projects where the City charges \$5.00 per month and Mr. O’Leary said yes. Councilmember Castleberry requested Council consider charging a base fee per month to all citizens for ongoing neighborhood maintenance projects, making the rate structures and SWU fees lower to the citizens.

Councilmember Castleberry asked how the City will enforce the regulations for the minimum control measures such as silt and sedimentation and Mr. O’Leary said the City has tried to enforce regulations in the past without imposing fines; however, the City is probably headed in the direction of imposing fines in the future. Mr. O’Leary said to put it in more perspective, the current regulations for minimum control measures on construction sites have been in place for 12 years and the contractors performing the work have been trained on how to ensure City and State compliance. He said quite

frankly it is an expense to the developer/development and he felt that possibly the value in preventing erosion control, storm water pollution controls, etc., are more important to the City versus the developer.

Mr. O'Leary highlighted the Capital Projects of the SWMP (\$1,629,417) to include:

- Small projects identified in the SWMP
- Cost share programs or project financing to include: Cambridge drainage structure repairs, Summit Lakes dam repairs; and Vineyard Addition drainage improvements;
- Complete two (2) to four (4) per year; and
- Average cost is \$100,000 to \$500,000 per project.

Mr. O'Leary said the additional Capital Projects from the SWMP include 59 SWMP projects projected to cost \$82.5 million and he clarified they are not funded by the SWU. He said \$17.5 million of the current 2012 Bond Projects are completed - West Main Street Bridge and Lindsey Street Projects, which makes the remaining capital projects \$65 million to date.

Mr. O'Leary said other storm water utility programs include:

- Subdivision storm water system inspection program;
- Reserved savings - \$200,000;
- Access/trail construction - \$100,000;
- Easements and Right-of-Way (ROW) acquisitions - \$300,000;
- Equipment replacement costs - \$500,000;
- Geographical Information Systems (GIS) updates - \$50,000; and
- Maintenance of equipment - \$155,589.

Councilmember Castleberry asked Staff if it is typical that a property owner will not let the City access their property without a right-of-way (ROW) easement in order to make repairs so their house does not flood and/or property does not erode and Mr. O'Leary said in the heat of flooding that scenario is atypical; however, when flooding is not occurring it is very typical. Mr. O'Leary said it is very common for property owners not wanting the City entering their space/property or want a lot of money for an access ROW easement. He said what is very unusual is for Norman to not have ROW or easements for over 70% of the drainage ways, i.e., the City does not have right to access without the easements.

Councilmember Castleberry asked whether new developments had to give the City ROW easements and Mr. O'Leary said yes, the City has done so over the last 15 years. Councilmember Castleberry asked whether the City could go back to older developments (older than 15 years) and request ROW easements and Mr. O'Leary said the City would ask for donations; however, a SWU fee would address the ROW easements that are not donated.

Mr. Scott Sturtz, City Engineer, highlighted the utility rates for the following options:

- Option 1: Single family residential, \$3.50 to \$15.00 per month for residential; all non-single family properties will be computed by using a \$6.00/3,600 sq. ft. Equivalent Residential Unit (ERU) = \$5.2 million
- Option 5: Multi-tier based on total parcels: \$3.00 to \$13.00 per month for residential and \$15.00 to \$180.00 per month for non-single family = \$5.1 million
- Option 6: Multi-tier based on total parcels and even rate distribution: \$3.50 to \$25.00 per month for residential and \$4.00 to \$450.00 per month for non-single family = \$5.1 million
- Option 6X: Multi-tier based on total parcels and even rate distribution raise to full SWU revenue: \$5.00 to \$35.00 per month for residential and \$5.50 to \$640.00 per month for non-single family = \$7.3 million

Mr. Sturtz highlighted what a monthly SWU fee for Norman might be utilizing the four (4) options, including several various parcels, i.e., large retail, church, car dealership, and small retail. He compared the figures with cities who have

already implemented a monthly SWU fee, i.e., Lubbock, Texas; Lawrence, Kansas; Tulsa, Oklahoma; Broken Arrow, Oklahoma, and Edmond, Oklahoma. Mr. O'Leary said he worked in the State of Kansas for 20 years prior to coming to the City of Norman. He said the City of Lawrence, Kansas, adopted a SWU in 1996 and are now 20 years ahead of Norman. Mr. O'Leary stated the rates go up each time and/or every few years that the City has SWU discussions, mainly trying to "catch up" due to being so far behind.

Mr. Sturtz highlighted comparison of rate structures under consideration providing pros and cons for each. He gave a possible SWU timeline as follows:

- May 10, 2016: First reading at Council meeting;
- May 24, 2016: Second reading at Council meeting;
- June 16, 2016: Notice to Cleveland County Election Board;
- August 23, 2016: Election; and
- FYE 2017: Begin collection of Storm Water Utility fees.

Mayor Rosenthal said she is concerned about Option 6; on the commercial side, specifically those with 100,000 sf parcel having to pay the same rate as a 2 million sf parcel and felt that would be both unreasonable and unfair. She wondered if adding another tier would help alleviate the large gap.

Mayor Rosenthal felt a key issue for Council to determine is the "target" needed to either partially fund, completely fund, or overfund the storm water projects. She is concerned that underfunding a SWU will not only take longer to address the storm water issues but also cause cuts within the General Fund. Councilmember Castleberry said the City is now spending \$3.4 million in the General Fund when realistically \$7 million is actually needed. He said if a SWU is approved and the total annual fee collected is \$5 million; the City will still need to spend another \$2 million from the General Fund. Councilmember Castleberry said the City does not have an "extra" \$2 million in the General Fund and cuts would need to be made to other areas of the budget.

Mayor Rosenthal said the current storm water budget proposals are considerably less than the 2011 storm water budget proposal and while she is not certain what the "key number" should be for a SWU, she is hopeful for a robust storm water budget that is feasible for the citizens.

Councilmember Castleberry said he would like to look at a base rate for capital improvements, i.e., neighborhood improvements, etc., and remove such from the SWU rate. He felt everyone could/should pay a reasonable monthly fee, regardless of parcel size, to help maintain the system. Mayor Rosenthal said the City would still be asking the voters to approve a SWU, whether it is a base rate or a rate that is somehow proportionate to storm water run-off. She felt a base rate would be shifting more of the cost(s) to the smaller residential properties.

Mayor Rosenthal suggested having an administrative appeal process in place regardless of the program so citizens can address the anomalies that will exist.

Councilmember Castleberry said he held a Ward 3 meeting last week and citizens voiced their opinions regarding the SWU; keep it simple and implement a flat rate. Councilmember Miller agreed she heard the same input; however, she felt whichever SWU formula/option is decided upon, the City will need to educate the public and help them to understand how calculations, etc., are determined.

Councilmember Castleberry said Options 2 through 4 were removed and he would like to revisit them. Mayor Rosenthal said those options were removed because they were not equitable or defensible.

Mayor Rosenthal requested Council input as to what percentage of SWU funding that the City is trying to accomplish. She felt at this time the City cannot get to a fully funded SWU and suggested 85% of funding. Councilmember Jungman felt the issue is to try and provide relief to the General Fund. Councilmember Allison felt Option 6 needs to have another

tier because 100,000 to 2 million is a large disparity. Councilmember Castleberry felt Staff should tweak the tiers so Council can take a closer look at the rate structures.

Councilmember Lang said the City needs to take into account that it may be difficult for some citizens to pay a SWU because of undue hardship and Mayor Rosenthal said the City definitely needs an appeals process. She requested Staff explore appeal processes and bring information back to Council for further discussion.

Councilmember Miller felt Council needed to come to some kind of SWU consensus and/or decision in order to stay on the proposed timeline. She said a SWU needs to be in place for next year's budget.

Ms. Joy Hampton, *The Norman Transcript*, asked how the City will deal with a SWU for Norman Regional Hospital. She felt Option 1 is most equitable and easy and asked Council why they felt it would be the most difficult to sell to the voters.

Items submitted for the record

1. PowerPoint presentation entitled, "Norman Storm Water Utility," City Council Study Session dated April 5, 2016, presented by Shawn O'Leary, Director of Public Works, and Scott Sturtz, City Engineer

* * * * *

The meeting adjourned at 6:38 p.m.

ATTEST:



City Clerk



Mayor

