

FINANCE COMMITTEE MINUTES

September 2, 2010

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met in a Special meeting, at 5:30 p.m. in the Municipal Building Study Session Room on the 2nd day of September, 2010, and notice and agenda of the meeting were posted in 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: Members Dillingham, Ezzell, Quinn, and Chair Cubberley

ABSENT: None

OTHERS PRESENT: Al Atkins, Council Member
Rachel Butler, Council Member
Steve Lewis, City Manager
Anthony Francisco, Finance Director
Suzanne Krohmer, Budget Manager
Ken Komiske, Utilities Director
Kathryn Walker, Assistant City Attorney II
Mark Daniels, Utilities Engineer
Chris Mattingly, Utilities Superintendent
Scottie Williams, Utilities Superintendent
Andrew Knittle, Norman Transcript

Chair Cubberley opened the meeting with comments about decisions that need to be made in regards to utility services provided by the City of Norman. The recent vote by the people was not a positive vote. This meeting is to study issues of the gap in revenues for the FYE 11 budget resulting from this vote. Council must have a balanced budget and recommendations need to be made to full Council for necessary budget changes. We will have a Study Session in two weeks and will bring proposals to full Council for adoption. Discussion items are:

- Services provided by Sanitation and Water Divisions
- Fees charged for services
- Capital needs of Sanitation and Water Divisions
- Will view a multi-year perspective
- 2009 Citizens Survey handout

DISCUSSION REGARDING FYE 11 SANITATION BUDGET REVIEW

Ken Komiske, Utilities Department Director, presented. Handout detailed some of the operations that might be dropped and estimated savings. Also discussed were possible fees that could be increased and capital items that could be dropped from the FYE 11 budget to save additional funds. Items for the Committee to discuss are:

- Item 1.A – savings from eliminating Fall cleanup is approximately \$90,000 and Spring cleanup is approximately \$130,000
- Item 1.B. reducing yard waste pickup in the winter months (Dec, Jan, Feb)
 - Reduce to every other week - \$17,000
 - No pick up for 3 months - \$34,000
 - All savings assume one-half of yard waste goes to landfill and includes disposal cost
 - Requires amendment to City Code of Ordinances
- Item 1.C. – eliminate or reduce alley polycart pickup
- Item 1.D. – eliminate the 3 drop off recycling centers
- Item 2.A. – increase extra polycart fee – existing fee is \$5/month
- Item 2.B. – increase transfer station fee for dropped off materials
- Item.2.C. – delinquent accounts – charge to remove customers polycart and return after payment
- Item 3.A. – Capital Project savings:
 - CNG grant for Unit 253 – approximate savings \$80,000
 - delay replacement of Unit 236 – approximate savings \$307,994
 - delay replacement of Unit 294 – approximate savings \$123,877
- Sanitation will continue to purchase polycarts and dumpsters
- Cubberley – wants cost of bulk pickup by City to reflect “charging actual cost for service to customer”
- Atkins – make sure that citizens know they can bring items to transfer station for free
- Ezzell - Committee recommends \$2.50 fee for extra polycarts
- Cubberley – reinitiation fee should be comparable to water re: delinquent accounts
- Cubberley – redo Sanitation election for March election (primaries)
- Cubberley – review fees charged for sanitation services for festivals held each year

Items submitted for the record

1. Report on Sanitation Division Savings and Additional Fees prepared by Utilities Department

DISCUSSION REGARDING FYE 11 WATER BUDGET REVIEW

Ken Komiske, Utilities Department Director, presented. Handout detailed some of the operations that might be dropped and estimated savings. Also discussed were possible fees that could be increased and capital items that could be dropped from the FYE 11 budget to save additional funds. Items for the Committee to discuss are:

- Item 1.A. – eliminate water usage from Oklahoma City for non-emergencies
- Item 1.B. – reduce operating pressures by operating water towers at a lower water level – will reduce power cost
- Item 1.C. – 2 water maintenance positions – approximate savings \$75,000
- Item 2.A. – increase meter turn/off fee relative to time and reason
- Item 2.B. – each year line maintenance investigates about 300 high water usage calls – charge fee for service

- Item 2.C. – charge for private fire sprinklers – currently do not
- Item 2.D. – charge contractors for water used to flush out newly installed lines
- Item 2.E. – surcharge to recover current cost of emergency water from Oklahoma City would need to be voted on by the citizens
- Item 3.A – eliminate new water tower in FYE 2012 – approximate savings \$2,700,000
- Item 3.B. – eliminate water rights bond of \$7 million FYE 2011 – approximate savings \$950,000/year
- Item 3.C. – eliminate paint/maintenance of Boyd Water Tower FYE 2011 – approximate savings \$540,000
- Item 3.D. – eliminate purchase land for new water tower FYE 2011 – approximate savings \$100,000
- Item 3.F. – eliminate new arsenic removal treatment for two wells FYE 2011 – approximate savings \$1,400,000
- Item 3.G. - eliminate replacing Flood Avenue water line FYE 2011 – approximate savings \$900,000
- Item 3.H. – eliminate replacing Berry road water line FYE 2011 – approximate savings \$1,500,000
- Item 3.I. – replace \$8 million ozone project with UV-PAC (Ultraviolet light – Powdered Activated Carbon) – approximate savings \$2 million construction costs
- Ezzell – Long-term pricing contract with Oklahoma City – is opposed to Items 1A-eliminate water usage from Oklahoma City for non-emergencies; and 1B-reduce operating pressures by operating water towers at a lower water level
- 2003 analysis – update Oklahoma City prices
- Long-term contract basis (inflationary factor added) Oklahoma City has voted for 8%, 6%, 6% increases over next 3 years is built into Oklahoma City rate structure
- Cubberley – against water pressure decrease
- Cubberley – wants “peak demand rate” to cover increase costs to Oklahoma City
- City already has an inverted water rate
- Walker – surcharges for Oklahoma City – vote of people probably needed
- Cubberley – next vote, propose surcharge fee as well
- Item 2. Extra Fees
 - A-meter turn off/on fee – if meter is wrong then don’t charge
 - B-water usage calls and investigation – if meter is wrong then don’t charge
- Cubberley – look at 2D - charge for contractors for water used to flush out newly installed water lines
- Dillingham – charge for any personal use
- Committee is opposed to elimination of Item 3-Capital Projects – A. FYE 2012 eliminate new water tower construction
- Ezzell – look at sprinkler fee every other year –
 - come-late services with fees based on costs
- Cubberley – fees need to be reflective of costs
- Dillingham – match cost of service to cost to customer

- Suzanne Krohmer discussed sanitation services in other cities – information on chart (page 6).
- Cubberley – asked if recycling centers paid for themselves – not for labor
- Discussed prices paid for recycled materials
- Discussed extra services provided by Sanitation Division employees for handicapped (both permanent and part-time)

Committee recommends meeting with full Council on September 28th and making FYE 11 budget decisions. Council can bring up vote/election at any time.

Items submitted for the record

1. Report on Water Division Savings and Additional Fees prepared by Utilities Department

The meeting adjourned at 7:24 p.m.

ATTEST:

City Clerk

Mayor