

## COUNCIL STUDY SESSION MINUTES

January 18, 2011

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a study session at 5:36 p.m. in the Municipal Building Conference Room on the 18th day of January, 2011, 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 Atkins, Butler, Cubberley,  
Dillingham, Griffith, Kovach, Quinn,  
Mayor Rosenthal

ABSENT: Councilmember Ezzell

### UPDATE REGARDING THE DEVELOPMENT OF THE PROPOSED SCISSORTAIL RESERVOIR WATER SOURCE NEAR ADA, OKLAHOMA.

Mr. Ken Komiske, Director of Utilities, said the City has been looking at options for additional future water sources and Staff held a public water forum discussing several of those options to include Southeast Oklahoma and reuse. He said Scissortail Reservoir (SR) came up in discussion during the public water forum which is not a reservoir at this time, but instead a concept option from the City of Ada (Ada). He said in order to provide a comprehensive review; it is Norman's responsibility to study every available water option.

Mr. Komiske provided the history of Oklahoma water and said the Oklahoma Water Resources Board (OWRB) was created in 1957. He said a lot of water reservoirs were built in the 1950s and 1960s, i.e., Lake Atoka, Lake Stanley Draper, and Lake Thunderbird. In April 1980, OWRB identified a number of potential water supply reservoirs through the 1980 Oklahoma Comprehensive Water Plan (OCWP), to include Sandy Creek in Pontotoc County. Sandy Creek had a water supply yield of 23,500 acre-feet and is now known as SR. Scissortail Lake was initially studied in 1984 by the Bureau of Reclamation (BOR) and was found to be an approved site and has potential as a future reservoir. However, in the early 1990's Federal funding for reservoirs dried up and Scissortail Lake was never built. OWRB updated the OCWP in 1995 and has also embarked on a 2011 OCWP update to study all available water options.

Mr. Komiske provided a map depicting the location of all existing Oklahoma reservoirs and where potential reservoirs could be constructed. He presented the Regional Raw Water Supply Study for Central Oklahoma map reflecting the Atoka Pipeline to the Atoka Reservoir and McGee Creek, which Oklahoma City (OKC) is already utilizing. He said additional sources are being researched near this area located in Southeast Oklahoma. Norman area rainfall is approximately 34 inches per year versus Southeast Oklahoma which has approximately 56 inches of rainfall per year. Mr. Komiske said there are several central Oklahoma communities who also need and are researching options for future water sources, stating Norman is not alone in this endeavor.

Mr. Komiske said Ada is investigating long term solutions to water supply needs. In August 2009 C.H. Guernsey and Company (Guernsey) completed a study for Ada entitled "Final Comprehensive Report Compilation, Phases I, IA, II, and III, Proposed Scissortail Reservoir Feasibility Study" (Study). He said on August 19, 2010, officials from Ada and Guernsey presented information regarding the proposed Scissortail Reservoir (SR) to the City of Norman and on November 4, 2010, similar information was presented to the Central Oklahoma Master Conservancy District (COMCD). He said the Study is being provided in hopes of finding an entity, or entities, that will partner with Ada during design and construction of the SR. Ada has also presented the Study to Chickasha and Oklahoma City. Ada needs a safe and dependable water supply, but they realize the SR will also enhance economic development and improve quality of life for the entire region.

SR Project would be located about 1.5 miles west of Ada near Spring Brook and Canadian Sandy Creek. The project would include a drainage area of 195 square miles and surface area of 4,700 acres; dependable yield - 29 million gallons per day (MGD); dam length 1,800 feet and a height of 75 feet; recreation boundary would be 11,150 acres; the type would be a roller compacted earth-filled dam; and spillway would be four, 50-foot tainter gates and an uncontrolled section.

The Study indicates the estimated cost to be \$187 million and concluded there were no “fatal flaws” which might halt construction of the proposed SR. The Study does not specifically mention potential claims by Indian tribes to the water rights associated with the SR Project; however, Ada has stated verbally they are in negotiations with the Chickasaw Tribe on this matter and no potential problems exist at this point.

Mr. Komiske presented a chart illustrating Norman’s projected water demands and said in the year 2060; Norman would need an additional 24 MGD to what we have now. He presented a map demonstrating the distance comparison and said the distance for the SR option is significantly less than if Norman chose the southeast Oklahoma option. He said one of the SR perceived synergies is less elevation than southeast Oklahoma, 200 feet versus 600 feet, so pumping costs would be less. Additional perceived synergies include projected demands, proximity to Atoka Pipeline and pump station, and established feasibility.

The estimated cost of the SR is \$187 million and since Norman would be purchasing raw water, costs for an Ada Water Treatment Plant (WTP) would not be considered in any potential cost sharing scenario with Ada; this reduced the reservoir costs to approximately \$166 million. The SR will have a 29 MGD while the demand need for Ada would be only 6.7 MGD at a conservative scenario; 8.7 MGD at a moderate scenario; and 11.9 MGD at an aggressive scenario, leaving the demand need available to Norman as follows - 21.9 for a conservative scenario, 19.9 for a moderate scenario, and 17.7 for aggressive scenario. Norman’s share would be 61.9% to 76.6% thus making the cost share approximately \$102.8 million to \$127.2 million to help build the reservoir.

Mr. Komiske said Ada’s figures are based on the economic development, i.e., how rapidly Ada will grow, how quickly Ada will use water, and whether or not large industries come to Ada. He said the SR is a nice alternative, but will not satisfy Norman’s 50 year demand of 24 MGD. However, if availability and costs are suitable and Ada’s growth used only the moderate or conservative levels, which is a very realistic possibility, the SR would meet Norman’s water needs for approximately 40 years. Mr. Komiske said changes *could* occur in 40 years, i.e., the possibility of water reuse or other future options, reiterating the SR may be an alternative for Norman.

Mr. Komiske provided a map reflecting the proposed SR pipeline delivery from the reservoir south of Ada to Norman, either to Norman’s WTP directly or to the reservoir Norman currently uses with COMCD, both being relatively the same distance. However, Norman does not have an easement to construct a pipeline from Ada and additional costs for easement acquisition at \$1 per square foot would be an additional \$13 million. The Atoka pipeline already includes a wide enough easement for the construction of additional pipeline.

Mr. Komiske said Staff used the same criteria for pipeline cost per linear foot used for the Atoka Pipeline analysis in the Oklahoma Regional Water Supply Infrastructure Study, and a 36 inch pipeline to Norman would cost approximately \$197 million, including 25% contingency and 20% for project implementation, for 60 miles of pipeline and two pumping stations. The preliminary estimate including projected pipeline and easement costs as well as the cost of future WTP expansions by 47 MDG, (peaking capacity) is as follows:

<u>Scissortail Reservoir Alternative</u>	<u>Millions</u>
▪ 60 miles of 36 inch Raw Water Line	\$197
▪ Easement acquisition at \$1 per square foot	\$ 13
▪ Norman Share of Scissortail Reservoir	\$116
▪ Norman WTP Expansion	<u>\$114</u>
▪ TOTAL	\$440

Mr. Komiske said the comparison of SR and the SE Oklahoma alternatives is as follows:

<u>Alternative</u>	<u>Total</u>	<u>Norman</u>	<u>Norman</u>	<u>Cost</u> <u>Share</u>	<u>Long Term</u> <u>Water Needs</u>	<u>Possible</u> <u>Phasing</u>
SR	28.6 MGD	20 MGD	70%	\$440 M	83%	Limited
SE Oklahoma	160.0 MGD	24 MGD	15%	\$360 M	100%	Yes

While there are many factors to consider in selecting the most viable long-term water supply option for Norman, some of the main factors to consider include initial capital cost, possible phasing of capital costs to enhance affordability while meeting water demand, long-term operation, maintenance and replacement costs, management concerns, risk, and political constraints.

Mr. Komiske thanked Guernsey for allowing Norman to utilize their Study and several of their slides for today's presentation. He said, in summary, the SR would seem to have a higher risk with higher upfront and long-term capital costs than the SE Oklahoma solution. However, Norman would have more influence over the SR project, and it does offer lower long term operating costs due to the proximity to Norman and the reduced pumping pressure between SR and Lake Sardis. A more detailed study is necessary to define the operation, maintenance and replacement cost savings associated with the SR project. Norman would have a larger percentage of the cost for lake maintenance and full responsibility for operation and maintenance of the pipeline. Lastly, the SR project does not have the ability to supply Norman for the projected 50-year time horizon, but can offer a safe solution for approximately 40 years.

Ada has been upfront that they are looking for any and all partners and Ada officials presented the same project concept to COMCD suggesting a partnership where COMCD could be the larger partner with Ada in building their reservoir. The incentive for COMCD would be their ability to store excess water in Lake Thunderbird and then sell water to existing customers as well as new customers who may need additional raw water. COMCD Board Members were receptive to the idea and formed a subcommittee consisting of two Norman Board Members and one MWC Board Member, who recently reported that the SR should be considered with other options such as water reuse, SE Oklahoma water supply, and the Canadian River water supply.

Councilmember Kovach asked if an environmental evaluation has been conducted regarding the path of the pipeline and Mr. Komiske said no and even the cost of the easement is an estimated figure. He said a big piece of the puzzle may be that an easement can be smaller than 40 feet wide lowering the cost and additional environmental aspects may surface during the process.

Councilmember Dillingham asked for clarification on the Tribal water rights and Mr. Komiske said Ada indicated previous SR discussions with Chickasaw Nation (CN) brought forth an agreement although formal document(s) have not been endorsed. He said the CN felt the SR project would not be an issue and even indicated they may build a resort on the lake in the future and added no protests have been filed at this time against the SR proposal.

Councilmember Cubberley asked if there are any financing options on the State level with OWRB or on a Federal level and Mr. Komiske said not at this time.

Mayor Rosenthal asked why Ada is aggressively pursuing the SR project since they have been exclusively using water wells as their municipal water supply and Mr. Komiske said Ada is looking at a longer term, larger water supply. He said Ada is limited with the currently capacity of their water wells and regulations with the Garber-Wellington Aquifer are becoming more stringent. He said the State is starting to legally determine how much water is in an aquifer and looks at aquifers as a finite portion of water, using a formula to determine gallons per acre, causing the numbers throughout the State to continue to decline. He said in essence, Ada would like to have

a safe dependable water supply, enhance economic development, and improve the quality of life near the region. He said the fact another entity or entities can assist Ada with the cost investment is an added bonus. Mayor Rosenthal said an underlying point is the future dependence on ground water is precarious and in all likelihood could become a smaller proportion of what Norman depends upon. She said Ada has recognized that and feels that is one reason they are pursuing the SR project.

Mr. Baxter Vieux, Norman COMCD Board Member, said COMCD felt it was appropriate to examine the SR project, as well as other options, i.e., reuse, etc., and will consider all water options in the future. He said COMCD Board Members, along with other Communities, fully understand Ada's interest at finding partner(s) for the SR project.

Councilmember Cubberley asked if Ada had a timeframe for moving forward with the SR project and Mr. Komiske was not aware of a specific time schedule. He said Norman has more of a burden to find reliable source(s) of water because the City had drilled wells and are at the end of the use for Lake Thunderbird. Councilmember Kovach asked if there would be an advantage to installing a second WTP a little further south of the existing WTP, but still in the Norman city limits, rather than expanding the existing WTP; saving some easement and pipeline costs and Mr. Komiske felt constructing a second WTP, and possibly partnering with smaller rural communities, would not save a great deal of money because such a scenario would still not supply Norman's 50-year need.

Mr. Komiske said reuse is a great alternative but the technology has not been established yet and will not be established in the very near future. Mayor Rosenthal said Staff is working with Oklahoma Municipal League (OML) and Oklahoma Department of Environmental Quality (ODEQ) on reuse, which have both drafted regulations that are currently under comment period for next year. Mr. Komiske said the proposed rules to ODEQ do not allow for reuse into a surface water supply reservoir, but instead will be taking "baby steps" and first allowing reuse on agricultural land and possibly playgrounds. He said the hope is to have the proposed rules approved and put into effect by 2012, which are currently moving along as scheduled.

Mayor Rosenthal asked Staff to elaborate on Norman's timeframe, specifically when Norman would need to make a decision on SR and/or other water supply options and Ms. Kathryn Walker, Assistant City Attorney, said Sardis is in a holding period due to different Tribal interests that have arisen. She said OKC has not contacted Norman with any new information about the project and felt it would not move forward until the new Governor, etc., was in office. Mr. Komiske said OKC has issued a Request for Qualification (RFQ) for engineering firms for the pipeline construction, not to specifically design the pipeline but instead start looking at the environmental impacts, etc.

Councilmember Butler asked what the next step should be and Mr. Komiske said first, to keep all options open, and second, to be in the position to raise rates in order to have the funding available to move forward at the appropriate time. He said at this time Norman would not be able to take action on any of the water supply options because the City does not have the funding in place to support the next phase of the WTP Rehabilitation Project.

Mayor Rosenthal said this was mainly a Staff update for the additional SR water source option and there is not an eminent decision before Council at this time. She felt it is very important for Staff and various partners to stay on top of all the available options and Council will probably revisit this issue in approximately six months to learn of any new developments.

Mayor Rosenthal said Norman's need for a future dependable water supply is a certainty and is not going to go away without addressing the question of how the City will meet the need. She said the State Water Plan will be out later this year and will also be an interconnecting part of this issue.

Items submitted for the record

1. Memorandum dated January 14, 2011, from Kenneth Komiske, Director of Utilities, to Steve Lewis, City Manager, with attachments Table 10 from Guernsey Report – Scissortail Lake Estimated Costs and Norman Utilities Authority Estimate of Scissortail Reservoir Pipeline to Norman Project Costs
2. PowerPoint presentation entitled, "Scissortail Reservoir Long-Range Water Supply for the City of Norman" dated January 2011

The meeting adjourned at 6:34 p.m.

ATTEST:

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City Clerk

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Mayor