

CITY COUNCIL SPECIAL SESSION MINUTES

April 24, 2012

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in Special Session at 5:00 p.m. in the Municipal Building Conference Room on the 24th day of April, 2012, 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: Councilmembers Dillingham, Ezzell, Gallagher, Griffith, Kovach, Lockett, Spaulding, Quinn, Mayor Rosenthal

ABSENT: None

Item 1, being:

CONSIDERATION OF ADJOURNING INTO AN EXECUTIVE SESSION PURSUANT TO 25 O.S., SECTION 307(B)(4), WHEREIN IT STATES A PUBLIC BODY IS PERMITTED TO CONDUCT AN EXECUTIVE SESSION TO CONDUCT AN EXECUTIVE SESSION TO DISCUSS CONFIDENTIAL COMMUNICATIONS BETWEEN A PUBLIC BODY AND ITS ATTORNEY CONCERNING A PENDING INVESTIGATION, CLAIM, OR ACTION IF THE PUBLIC BODY, WITH THE ADVICE OF ITS ATTORNEY, DETERMINES THAT DISCLOSURE WILL SERIOUSLY IMPAIR THE ABILITY OF THE PUBLIC BODY TO PROCESS THE CLAIM OR CONDUCT A PENDING INVESTIGATION, LITIGATION, OR PROCEEDING IN THE PUBLIC INTEREST TO DISCUSS THE FOLLOWING:

Cleveland County District Court Case No. CJ-2010-406 L, Central Oklahoma Master Conservancy District vs. the City of Norman as authorized by Oklahoma Statutes, Title 25 § 307(B)(4) - pending litigation.

Workers Compensation Court Case No. WCC-2011-06414H, Richard Lee Rogers vs. the City of Norman – pending litigation.

Workers Compensation Court Case No. WCC-2011-09670L, Brian M. Edwards vs. the City of Norman – pending litigation.

Councilmember Kovach moved that the Special Session be adjourned out of and an Executive Session be convened into to discuss Cleveland County District Court Case No. CJ-2010-406 L, Central Oklahoma Master Conservancy District vs. the City of Norman; Workers Compensation Court Case No. WCC-2011-06414H, Richard Lee Rogers vs. the City of Norman; and Workers Compensation Court Case No. WCC-2011-09670L, Brian M. Edwards vs. the City of Norman, which motion was duly seconded by Councilmember Quinn; and the question being upon adjourning out of the Special Session and convening into an Executive Session in order to discuss Cleveland County District Court Case No. CJ-2010-406 L, Central Oklahoma Master Conservancy District vs. the City of Norman; Workers Compensation Court Case No. WCC-2011-06414H, Richard Lee Rogers vs. the City of Norman; and Workers Compensation Court Case No. WCC-2011-09670L, Brian M. Edwards vs. the City of Norman, the vote was taken with the following result:

YEAS: Councilmembers Dillingham, Ezzell, Gallagher, Griffith, Kovach, Lockett, Spaulding, Quinn, Mayor Rosenthal

NAYES: None

The Mayor declared the motion carried and the Special Session adjourned out of; and an Executive Session was convened into to discuss Cleveland County District Court Case No. CJ-2010-406 L, Central Oklahoma Master Conservancy District vs. the City of Norman; Workers Compensation Court Case No. WCC-2011-06414H, Richard Lee Rogers vs. the City of Norman; and Workers Compensation Court Case No. WCC-2011-09670L, Brian M. Edwards vs. the City of Norman.

The City Council adjourned into Executive Session at 5:03 p.m. Mr. Steve Lewis, City Manager; Mr. Jeff Bryant, City Attorney; and Mr. Rick Knighton, Assistant City Attorney, were in attendance at the Executive Session.

The Mayor said the Cleveland County District Court Case No. CJ-2010-406 L, Central Oklahoma Master Conservancy District vs. the City of Norman Workers Compensation Court Case No. WCC-2011-06414H, Richard Lee Rogers vs. the City of Norman; and Workers Compensation Court Case No. WCC-2011-09670L, Brian M. Edwards vs. the City of Norman were discussed in Executive Session. No action was taken and no votes were cast.

Item 1, continued:

Mayor Rosenthal acknowledged return to Open Session.

Thereupon, Councilmember Quinn moved that Executive Session be adjourned out of and the Special Session be reconvened, which motion was duly seconded by Councilmember Griffith; and the question being upon adjourning out of Executive Session and upon the subsequent reconvening, a vote was taken with the following result:

YEAS: Councilmembers Dillingham, Ezzell, Griffith,
Lockett, Spaulding, Quinn, Mayor Rosenthal

NAYES: None

The Mayor declared the motion carried and Executive Session adjourned out of; and the Special Session was reconvened at 5:40 p.m.

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Item 2, being:

DISCUSSION REGARDING THE FYE 2013 BUDGET – ENTERPRISE FUNDS.

Ms. Suzanne Krohmer, Budget Analyst, provided the Fiscal Year 2012-2013 summarized budget calendar for Council and said tonight's discussion will be over the Enterprise Funds and Capital Funds will be discussed at the May 8, 2012, Council Study Session. She said a public hearing on the budget is scheduled for May 22, 2012, and Council will consider the FYE 2013 Budget for adoption on June 12, 2012.

Ms. Krohmer said Enterprise Funds are operated in a manner similar to private business enterprises, where the intent of the City is that the costs of providing goods or services to the public is financed or recovered primarily through user charges. She said Water, Sanitation, and Water Reclamation are the three enterprise funds for the City of Norman and there are three sub-water reclamation/wastewater funds to include sewer maintenance, new development excise, and sewer sales tax.

Water Fund

Ms. Krohmer said the City produces over 4.5 billion gallons of water annually, has over 540 miles of pipe; and production runs 24 hours a day, 365 days per year. She said the user fee revenues for the Water Fund major revenue assumption FYE 2013 are projected to be 7.5% lower than the FYE 2012 budget figures; however, it is equivalent to FYE 2011 actual figures. Ms. Krohmer said a 2.5% assumed customer growth is projected in out years and the 3.5% across-the-board rate increase assumption that had been budgeted in the past has been taken out. She highlighted the water history for the City, stating in 1999 an inverted block rate was adopted to encourage conservation affecting 25% of residential customers and a progressive rate structure charges higher rates to highest quantity water users. She said in 2006, the water rates increased to the current level and an August 2010 water rate increase vote failed. She said beginning FYE 2013, a 2.5% annual customer growth rate has been built into fund summary in out years, but not an actual rate increase. She provided a comparative chart of monthly rates for 10,000 gallons of water for several metro area Oklahoma cities as well as cities in Kansas and Texas and the City of Norman is lower than all but Ponca City, Oklahoma.

The Water Fund Expenditure Assumptions are as follows:

- Emergency water purchase from Oklahoma City is budgeted at \$400,000;
- Central Oklahoma Master Conservancy District (COMCD) raw water purchase is budgeted at \$1,235,783 – the same as FYE 2012;
- Fleet related replacement purchases are \$96,317;
- Projected ending fund balance will be \$3,088,020; and
- The City targets an operating reserve of eight (8) percent and a Capital reserve equal to the annual average of the next Five Year Capital Expenditure Plan; thus, the City is approximately \$4,095,000 short of the desired target.

Major water projects include: water line replacements (\$1,780,000); new 24 inch waterline at State Highway 9, from 24th Avenue S.W. to Jenkins Avenue (\$1,729,291); Cascade water tower maintenance (\$440,000); and Highway 9 water line relocations (\$1,253,000). Future projects include Phase II Water Treatment Plant – design completed in FYE 2012 with construction in FYE 2014 and projects resulting from the Strategic Water Supply Plan Update.

Item 2, continued:

Sanitation Fund

Ms. Krohmer said the major revenue assumptions for the Sanitation Fund include:

- Revenue have been estimated at a growth rate of two (2) percent per year
- User fees are currently \$17.20 per unit per month, including the \$3.00 per month curbside recycling charge and \$0.20 for the Oklahoma Solid Waste Management Charge
- Beginning July 1, 2012, a \$1.00 increase is proposed for additional polycarts, making the fee \$7.00 per month

Ms. Krohmer provided a chart comparing sanitation rates for several Oklahoma metro area cities, as well as cities in Kansas and Texas. She said the City of Norman is about "middle of the road" or average when it comes to the sanitation monthly charge/rate; however, Norman provides many services that a lot of the other cities do not provide. The City of Norman services include weekly household trash collection; the spring/fall clean-up days; weekly yard waste collection; three (3) recycling drop-off centers; free compost, whens available; and curbside recycling.

Mr. Ken Komiske said the City does not charge for the compost itself, but does charge \$10.00 to load a truck or trailer. Councilmember Gallagher asked Staff about the status of alley pickup and Mr. Komiske said approximately 50% of alley pickup has been eliminated. He said the City began last fall working/targeting one neighborhood at a time by sending out flyers and letters informing the residents in that neighborhood that there will no longer be alley pickup. Mr. Komiske said there have also been community meetings informing the residents as well. Councilmember Dillingham commended Staff for a job well done and for working with the citizens, allowing them to get used to the change. She said change has been very well received and the transition has been much simpler than initially anticipated.

Major sanitation expenditures included in the FYE 2013 budget include \$1,170,647 for fleet related replacement purchases; \$1,820,334 landfill tipping fees – same as FYE 2012; no Capital projects are scheduled in FYE 2013; and an ending fund balance is projected at \$1,330,299, with a targeted fund balance of \$2,476,811. Future sanitation actions include the review of bulky pickup options, considering an on-call system; plan for re-bidding of curbside recycling services contract; and evaluating the future use of the former Transfer Station, i.e., staging area for recyclable materials or a mini-material recovery facility.

Mayor Rosenthal asked the curbside recycling contract deadline for Waste Management and Mr. Krohmer said March 2013. Councilmember Griffith said he had many constituents who felt that lids should automatically be provided for recycling bins because of the litter that blew out of the recycling bins that did not have lids.

Water Reclamation Fund

Ms. Krohmer said the major revenue assumptions for the Water Reclamation Fund include:

- Residential wastewater service rates have not been raised in over 16 years. Current rates are \$3.90 base charge + \$1.60 per 1,000 gallons of treated wastewater;
- In October 2001, an additional \$5.00 fee was added for an expanded sewer system maintenance program;
- User fee revenues for FYE 2013 are budgeted at a projected two percent (2%) increase from last year's budget;
- A 35% rate structure increase is assumed in FYE 2014, requiring voter approval by May 2013, to fund South Water Reclamation Facility improvements; and
- Revenue bond proceeds supported by newly-approved rate structure are assumed to be received in FYE 2013 to finance water reclamation facility expansion.

Ms. Krohmer provided a comparative chart reflecting residential water reclamation rates for several Oklahoma metro area cities, as well as cities in Kansas and Texas, stating Norman was the lowest charging \$22.00 per month for 10,000 gallons.

Expenditure assumptions for the Water Reclamation Fund include the ending fund balance is \$15,035,407, which assumes the City will have revenue bonds proceeds next year. Ms. Krohmer said a laboratory technician was added to next years budget due to more frequent Oklahoma Department of Environmental Quality (ODEQ) testing requirements and stated the position was eliminated in the FYE 2010 budget due to budget concerns. She said future reclamation projects include a Water Reclamation Facility expansion and improvements project to increase capacity by five (5) million gallons per day (MGD) for a total cost of \$52.3 million and said the project will be programmed over two years and split between all the wastewater funds. South Facility Phase 2 Expansion (\$7,721,721 FYE-2013) and Effluent Truck Wash (\$289,000) are also future projects.

Item 2, continued:

Sewer Maintenance

Main source of revenue for the Sewer Maintenance Fund is the \$5.00 per month sewer maintenance rate and the \$0.50 per month Capital Improvement Charge. All sewer maintenance rate projects must be on a pay-as-you-go basis and major projects for the Sewer Maintenance Fund include the replacement of sewer lines - \$4,111,743.

New Development Excise Tax Fund

Main source of revenues is from new construction project building permits based on the square footage. Ms. Krohmer said FYE 2013 projected revenues of \$1,300,000 include \$1 million from residential projects and \$300,000 from commercial projects. She said the proposed Water Reclamation Facility Expansion Phase 2 Project is estimated to cost \$8,504,102.

Sewer Sales Tax Fund

A temporary half-percent sales tax was implemented on October 1, 2001, and ended on September 30, 2006. Ms. Krohmer said the Water Reclamation Facility Improvement Project of \$4,874,057 and the South East Bishop Interceptor Project of \$1,311,741, will both be budgeted in FYE 2013. She said the 2001 sewer sales tax funds are budgeted to be fully spent in FYE 2013.

Ms. Krohmer provided a comparison chart reflecting the total monthly residential utility bills, i.e., combining water, wastewater, and sanitation rates. She said Staff wanted to show how Norman ranked compared to metro area cities, as well as Kansas and Texas cities and said Norman charges the lowest when it comes to a customer's monthly utility bill based on an assumed 10,000 gallon water usage. She also noted that some of the comparable cities already have a Storm Water Utility (SWU) fee in place.

Councilmember Kovach said regarding the water fund, he understood the FYE 2013 projections are back to the FYE 2011 projections, but wondered why FYE 2013 projected user fee revenues are going down 7.5% and Mr. Komiske said Staff anticipates the user fees to be reduced because the City just went through a drought; therefore, it is anticipated that water usage will be lower than last year. Councilmember Kovach asked whether COMCD overage of allocation is included in the water fund budget and Mr. Komiske said yes.

Councilmember Kovach asked if Staff has completed a cost benefit analysis of the actual savings for the winter compost pickup and Mr. Komiske said Staff is currently working on the comparison/cost benefit analysis. Mr. Komiske said during the three months when yard waste is only collected once per month rather than once per week offers two distinct benefits to include fuel reduction and a reduction of wear and tear on the sanitation vehicles. Mr. Williams said the implementation of the winter yard waste pickup also allows employees to focus more on road side clean up. Councilmember Kovach asked if Staff has researched other metro city facilities to see if Norman compares regarding landfill tipping fees and Mr. Komiske said yes. Mr. Komiske said in the most current analysis, Staff looked at three landfills and determined that cheaper per ton landfill tipping fees can be obtained; however, the landfills are further away, so then the concern regarding more fuel usage and employee time rises.

Councilmember Ezzell asked whether the proposed New Development Excise Tax Fund budget resolved issues with the development community and Mr. Steve Lewis, City Manager, said the concerns are on-going. Mr. Lewis said Staff has been meeting weekly trying to formulate some additional options and should have some decisions in the next week or two.

Councilmember Kovach asked if the \$4.8 million budgeted in the Sewer Sales Tax Fund FYE 2013 is intended for the South Facility Phase 2 Expansion and Mr. Komiske said yes. Councilmember Kovach felt public perception was fairly explicit regarding past discussions on sewer sales tax monies and Council may want to see a reauthorization of that money before it budgeted for the South side plant. He said he is not comfortable with having this in the budget without the contingency of approval by the public and said if the City is planning on a sales tax election possibly a reauthorization of the sewer sales tax fund could be presented at the same time. Councilmember Kovach felt that the majority of public believes there was a certain amount of money set aside for the north side treatment plant and some of that money was used to create the head works for the north side treatment plant, but some of the money has been used for other projects, i.e., interceptor and south side plant. He wanted to maintain the public's trust by asking the public for their authorization to use the sewer sales tax money for something other than what they thought it was to be used for.

Item 2, continued:

Councilmember Dillingham felt that a reauthorization of the sewer sales tax is not needed; but rather a clarification vote by the citizens on future use(s) of the existing sewer sales tax funds. Mayor Rosenthal said the sewer sales tax fund is for the existing sewer system and the south side plant is clearly part of the existing system. She said new capacity was to be funded by the excise fee (New Development Excise Tax), whether it is an interceptor line(s), lift station(s) or plant capacity. Councilmember Kovach felt in order to maintain the public's trust; the City should simply ask the public how they desired the existing sewer sales tax money to be used. Mayor Rosenthal felt having two separate propositions would be very problematic because it could cause confusion and suggested Staff to craft ballot language indicating the rate increase will be combined with the remainder of the Sewer Sales Tax funds to complete the south side plant. Councilmember Ezzell agreed that ballot language could address any public trust issue, helping reaffirm public confidence pertaining to the remaining Sewer Sales Tax Fund and Councilmembers Kovach, Griffith, Spaulding, and Lockett agreed. Mayor Rosenthal said recent discussions at the Council Finance Committee meeting were that the capacity at the south side plant is four times as much compared to the "new" capacity at the north side plant. She suggested public education efforts continue in order to help explain any confusion concerning this particular issue and Councilmember Quinn agreed. He suggested that the environmental quality issues for the north side plant be discussed and explained so that it will help citizens understand/comprehend what the best decision for Norman would be.

Councilmember Ezzell asked Staff if the expansion of the south plant will give the City the same capacity the City would have had whether it was one or two plants. He also asked Staff if the terminology "capacity" and "coverage" are the same when talking about the water reclamation facility expansion, i.e., being able to process 20 million gallons of wastewater per day. Mr. Komiske said yes both plants would cover the same area and the emphasis at one point was to delay the north plant. He said as a result some of the sewer sales tax fund paid for interceptor lines to allow more conveyance to the future south side plant expansion. Mr. Komiske said at full build-out, there will be a north side plant and a south side plant, increasing the capacity by an additional five (5) MGD per day. He said it will be more cost advantageous to the City if the south side plant is done first, as well as allow the City a number of years before having to construct a north side plant and felt depending on Norman's growth it would be approximately 20 years. He said until then, all the sewage can be conveyed to the south side expansion plant.

Mayor Rosenthal clarified there has never been a proposal in the Wastewater Master Plan (WWMP) to have only a single plant of 20 million MGD per day and said it has always been proposed to be two-plant development with the only change being that the capacity increase at the south side plant is the expansion proceeding first in the budget because it is more cost effective. Mayor Rosenthal asked Staff to bring back information regarding the Water Reclamation Facility Expansion breakdown between the wastewater funds, as well as more detail about the south side plant project in terms of capacity.

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Items submitted for the record

1. PowerPoint presentation entitled, "City Council Fiscal Year 2012-2013 Budget Study Session Enterprise Funds," dated April 24, 2012
2. FYE 2013 City of Norman Budget

Item 3, being:

ADJOURNMENT

There being no further business, Councilmember Griffith moved that the meeting be adjourned, which motion was duly seconded by Councilmember Quinn; and the question being upon adjournment of the meeting, a vote was taken with the following result:

YEAS:	Councilmembers Dillingham, Ezzell, Gallagher, Griffith, Kovach, Lockett, Spaulding, Quinn, Mayor Rosenthal
NAYES:	None

The Mayor declared the motion carried and the meeting was adjourned at 6:21 p.m.

ATTEST:

City Clerk

Mayor