



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 06/27/2023

REQUESTER: Nathan Madenwald, Utilities Engineer

PRESENTER: Nathan Madenwald, Utilities Engineer

ITEM TITLE: CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF CONTRACT K-2122-17: BY AND BETWEEN THE NORMAN UTILITIES AUTHORITY AND SHAZ INVESTMENT GROUP, LLC AUTHORIZING COLLECTION OF A MONTHLY LIFT STATION FEE FROM DEVELOPED LOTS IN THE EAGLE CLIFF WEST DEVELOPMENT FOR THE OPERATION, MAINTENANCE AND REPLACEMENT OF THE EAGLE CLIFF LIFT STATION.

BACKGROUND:

In 2003, the general policy was modified to allow installation of new lift stations if long-term operation, maintenance and capital equipment replacement costs (OM&R) were borne by the users of the new lift station (LS). An administrative Lift Station Fee collected through utility billing and applicable to each lot or customer in the new development was implemented through a contractual agreement.

To date, the Norman Utilities Authority (NUA) has approved eleven lift station agreements as follows:

1. Summit Lakes Addition (K-0304-51 approved 8/26/2003);
2. Summit Valley Addition (K-0304-57 approved 10/14/2003);
3. Eagle Cliff South Addition (K-0304-58 approved 10/14/2003);
4. Cobblestone West Addition (K-0405-119 approved 02/22/2005);
5. Alameda Park Addition (K-0506-30 approved 07/12/2005);
6. Red Rock Canyon Addition and Park Hill Addition (K-0506-139 approved 05/09/2006);
7. Siena Springs Addition (K-0607-70 approved 10/10/2006);
8. Links at Norman PUD (K-0809-115 approved 04/14/2009);
9. Stone Lake Addition (K-1415-130 approved 04/28/2015);
10. The Barn at Terra Verde (K-1819-59 approved 09/25/2018);
11. Eagle Cliff South Section 7 Addition (K-1920-48 approved 9/24/2019);
12. Turtle Crossing (K-1920-111 approved 3/24/2020);
13. Varena Landing (K-2021-40 approved 8/25/2020); and
14. NRH Medical Park West Section 2 Replat (K-2021-88 approved 4/13/2021).

DISCUSSION:

On May 13, 2021, the Planning Commission considered the preliminary plat for the Eagle Cliff West development contingent upon the provision of a sewer solution for the parcel. In this case, a gravity sewer discharging to the south and east into the existing Eagle Cliff LS was proposed. As noted in items 3 and 4 above, a LS fee is collected for the Eagle Cliff LS serving portions of Sections 2 through 7 of Eagle Cliff South and Section 2 of Cobblestone Creek Addition.

This item was previously scheduled for Council consideration in August 2021 but failed for lack of motion after the proposed related Land Use plan amendment failed. The applicant challenged Council's vote in District Court and the case has been proceeding through the litigation process since that time. After a hearing in February 2023, the District Court judge ruled that Council's denial of the land use plan amendment was arbitrary and capricious, and thus, void as a matter of law. The City was further permanently prohibited and restrained from enforcing the Future Urban Service Area designation under the Norman 2025 plan as it pertains to this property. Additionally, the court also placed the property in the Current Urban Service Area. Council has entertained settlement offers from the property owner's legal representative, but opted to place the items that had previously failed for lack of motion back on Council's agenda for consideration.

A lift station agreement must be approved by the developer of Eagle Cliff West requiring them to fund a portion of the ongoing operation, maintenance and replacement costs (OM&R) of the existing lift station. The residents currently served by the Eagle Cliff LS will see their LS fee reduced as the lift station annual costs will be equally distributed between 399 homes rather than 259 homes. The revised service area of the Eagle Cliff LS is shown on the attached map.

The developer of Eagle Cliff West, SHAZ Investment Group, LLC, is willing to implement the Lift Station OM&R fee. If acceptable to Council, these costs would be recovered through proposed Contract K-2122-17. The monthly LS fee for the Eagle Cliff LS is currently \$3.58 per household but would be reduced to \$2.41 once the Eagle Cliff West final plat is filed. The proposed contract provides the following:

- 1) The LS OM&R fee (the Lift Station Fee) would be filed of record as a restrictive covenant with the final plat of Eagle Cliff West as well as any other new areas that ultimately obtain sewer service from the Eagle Cliff LS.
- 2) The LS Fee will be adjusted annually to account for inflation and may otherwise be adjusted if changes to the LS service area necessitate an adjustment.
- 3) In the event a LS is taken out of service and its wastewater flows by gravity to a wastewater treatment facility site, the LS Fee would be discontinued.
- 4) The LS Fee will be calculated for each dwelling unit as well as a per capita basis to accommodate other zoning classifications such as commercial, institutional, industrial, etc.
- 5) The LS Fee will be collected monthly from each dwelling unit or non-residential entity contributing flow to the LS through the City's Utility billing system.

The calculations for this fee are shown as Exhibit A to the contract while Exhibit B illustrates the area to be served by the Eagle Cliff LS.

RECOMMENDATION:

Staff recommends approval of Contract K-2122-17 between the Norman Utilities Authority and Shaz Investment Group, LLC implementing the Eagle Cliff Lift Station Fee for the Eagle Cliff West development to the City of Norman.