

## **Article XVI. Municipally Owned Utilities.**

### **Background**

Article XVI, Section 2 of the City's Charter requires any increase in utility rates within the control of the City of Norman to be submitted to the legal voters of the City for their approval or rejection. This section was added to the Charter in the 1970's after Council adopted a utility rate to cover the cost of additional officers.

This Section has been considered on multiple occasions by prior CRC's. The 2005 CRC studied this provision and recommended that it be changed to authorize increases in utility rates of up to 3% per year without requiring an election. Under the 2005 CRC proposal, any increase greater than 3% would require voter approval. The City Council did not move this proposal forward for voter consideration at that time. In Resolution No. R-1112-109, the CRC was asked to "Review Article XVI, Section 2 to consider whether City Council should be empowered to increase utility rates not more than three percent (3%) annually without requiring a city wide vote." After extensive discussion, the CRC responded with a recommendation that Section 2 be stricken altogether. The minutes from those meetings are attached. Council ultimately disagreed and no amendments to this Section were submitted to the voters.

Section 5(j) of Resolution R-1819-66 (as amended) asks the current CRC to consider "adding language to Article XVI, Section 2 of the Charter requiring the City Council to consider a resolution calling for a vote of the electorate to increase City utility rates under certain conditions, i.e. upon a finding of financial need after a review of the utility funds and their monetary sources by the Finance Director or upon the recommendation of an independent elected utilities board." The language was suggested by then Councilmember Castleberry, as a way to ensure the City went to the voters for needed increases when dictated by financial need.

Ken Komiske, Director of Utilities, attended the August 2020 CRC meeting and provided historic information about how often and how much the City increases utility rates, particularly as compared to other cities without such a Charter provision. The CRC requested additional information relative to methodology in other cities, frequency of rate increases, and whether entities other than City Councils were empowered to implement rate increases. This information is provided below. A member proposed consideration of requiring a vote on one alternating utility rate every year to remove it from considerations related to Councilmember elections and to ensure a regular rate increase.

CRC further discussed this proposal at its September 2020 meeting and discussed a desire to create an expectation for annual utility elections while giving Council and Staff the flexibility to address the needs of each utility. The CRC voted to adopt the language set forth below unanimously.

### **Adopted Language:**

#### **Section 2. -**

Precedent to an increase in utility rates within the control of the City of Norman, such increase proposal must be submitted to the legal voters of the City for their approval or rejection at the next regular general election, or at a special election which might be called for said purpose. On an annual basis, Staff shall prepare and submit to the City Council a rate study for each of its utilities.

Upon receipt of such rate studies, Council shall submit a rate increase for one or more of the utilities to the voters at the next election at which ward representatives or the Mayor will appear on the ballot. Should an unexpected need for an additional rate increase for any utility arise prior to the regular election on which such an increase would normally be scheduled as provided herein, then a special election may be called for such purpose. This section is self-executing and shall supersede all provisions in conflict therewith; legislation may be enacted to facilitate its operations but no ordinance shall limit or restrict the provisions thereof.