

CITY OF NORMAN

Fiscal Year Ending 2025 Budget


MAY 21, 2024

Enterprise Funds





Fiscal Year 2024-2025 Summarized Budget Calendar

- Council Finance Committee Budget Discussions (9/21/23)
 - Council Capital Budget Study Session (11/21/2023)
 - Council Capital Budget/ Mid-Year Budget Review Study Session (2/15/2024)
 - Council Budget Study Session – General & Special Revenue Funds (4/16/2024)
 - Public Budget Hearing (4/23/2024)
 - Council Budget Study Session – Capital Funds (5/7/2024)
 - **Council Budget Study Session – Enterprise Funds (5/21/2024)**
 - Public Budget Hearing (5/28/2024)
 - Council Budget Study Session – Optional Follow-Up (6/4/2024)
 - Council Considers Budget For Adoption (6/11/2024)
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ENTERPRISE FUNDS

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 general public is financed or recovered primarily through user charges.

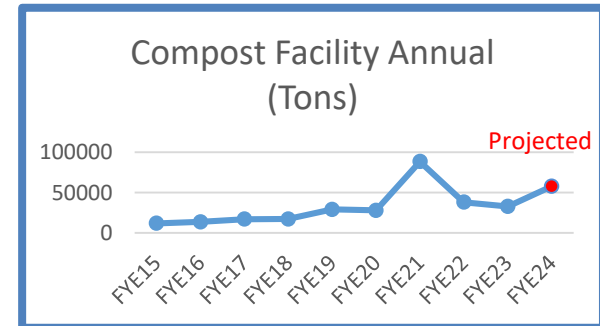
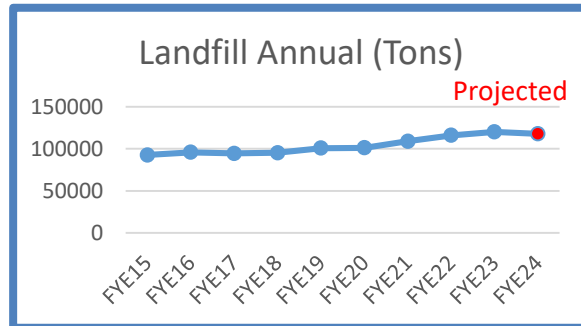
- **SANITATION**
 - **WATER**
 - **WATER RECLAMATION**
 - **SEWER MAINTENANCE**
 - **NEW DEVELOPMENT EXCISE TAX**
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SANITATION FUND



Sanitation Fund

- Residential and Commercial collection; >110,000 tons per year
- Yard Waste and compost facility; >30,000 tons/year
- Curbside recycling started in 2008; Republic Services current contractor; >85% participation rate; > 4,000 tons/year

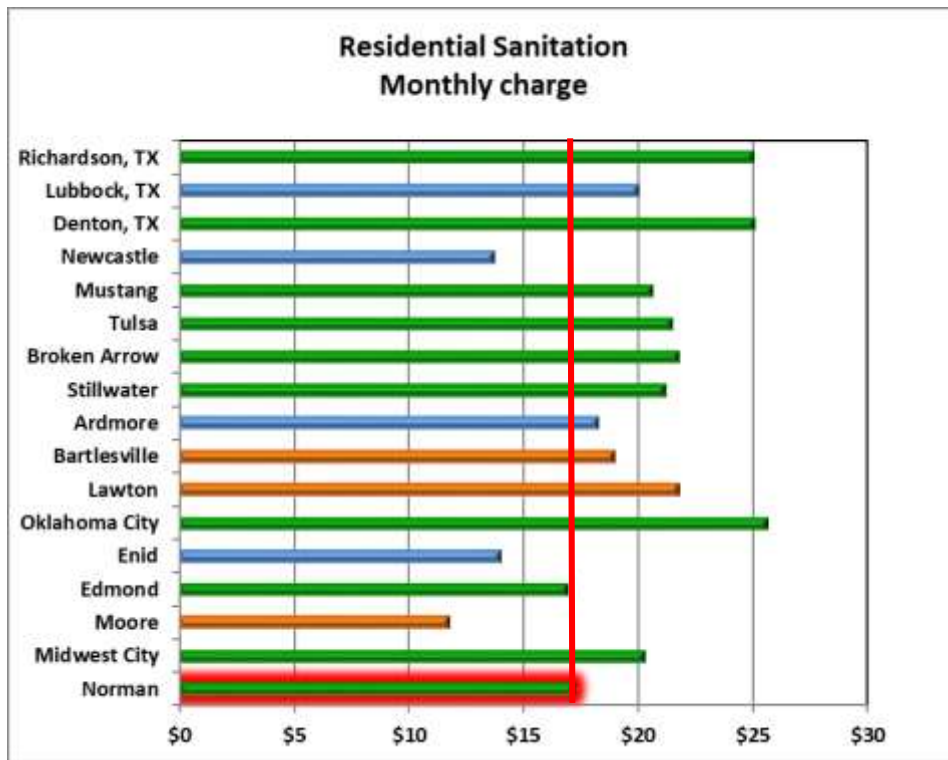


Sanitation Fund

- Four recycling drop off centers; >1,700 tons/year
Added new HUB at Transfer Station
(scrap iron, wood, glass)
- Glass recycled over 175 tons/year



Sanitation Rates



Services included in the City of Norman Sanitation monthly charge:

- Spring/Fall Clean-up Days
- 1 x week collection
- 1 x week Yardwaste collection
- Free brush Drop-Off
- 4 Recycling Drop-Off Centers
- Free Compost (as available)
- Residential Curbside Recycling


Curbside recycling not included

Recycling offered separately through 3rd party



Sanitation Fund

Major Revenue Assumptions

- Sanitation rate increased in April 2011 to \$17.20 per unit per month, which includes \$3 per month curbside recycling charge and \$0.20 for the Oklahoma Solid Waste Management Charge
 - Additional Poly Cart is \$7 per month
 - Revenues have been estimated at a growth rate of 1.8% per year
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Sanitation Fund

Major Expenditures

- \$3,002,705 included in FYE 25 budget for fleet and receptacle replacements
- Landfill tipping expenses increased 9% from FYE 24 to FYE 25. Annual expense just over \$3.1 M
- No change to Recycling Contractor expense for FYE 25
- FYE 25 Ending Fund Balance is \$2,188,335

Sanitation Fund

Major projects completed in FYE 24

- New Sanitation Facility, \$3.1 M





Sanitation Fund

Major Projects from FYE 24 to be completed in FYE 25

- Compost Facility Scale House, \$420K
- Transfer Station Renovation, \$1.9M


Major New Sanitation Projects for FYE 25

- Sanitation Storage Building, \$650K
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Sanitation Fund

Potential Budget Impacts for Next Budget Process

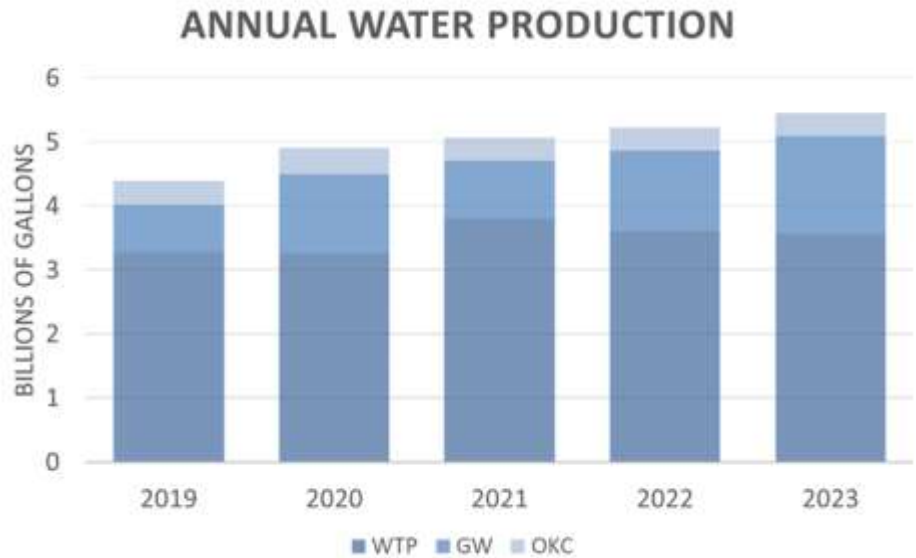
- RFP for Landfill Disposal currently out
 - RFP for Recycling Commodities in May 2024
 - Transition of Recycling to City Staff
 - Use of Sanitation Funds for Litter Crews
 - Upcoming Cost-of-Service Study for Sanitation
- 

WATER FUND



Water Production

Over 5.0 billion gallons annually



Water production runs

- 24 hours per day
- 365 days per year

Water Line Maintenance

Maintain over 650 miles of water pipe
with diameters of 2 to 48 inches


7,012 Fire Hydrants / 14,293 Valves

- Repair average of 185 water line breaks annually
- Replace about 3,000 feet of old, deteriorated or undersized water mains annually but staff have been focused on lead service line inventory
- Repaired/Maintained almost 1,100 fire hydrants annually
- Maintain over 42,000 water meters





Water Rate History

- 1999: Inverted block rate adopted to encourage conservation. Progressive rate structure charges higher rates to highest water users. Higher tiers affect 25% of residential customers.
 - March 2006: Water rate increase approved
 - August 2010: Water rate increase vote failed
 - January 2015: Water rate increase approved to fund WTP Improvements and obtain 2 MGD of additional groundwater supply
 - April 2022: Water rate increase vote failed
 - June 2023: Water rate increase approved to fund Groundwater Disinfection, water line replacements, lead services and operational cost increases
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Current Residential Rate Structure

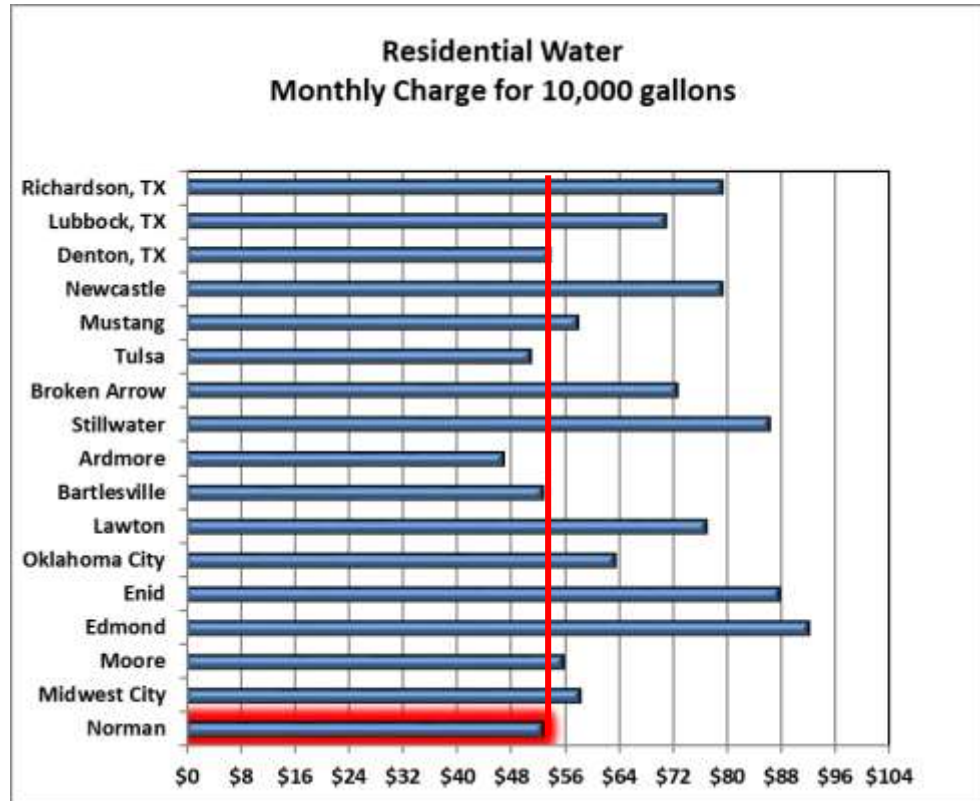
Gallons	Rates (per 1 k gal.)
Base Fee	\$10.90
0 – 5,000	\$3.46
5,001 – 15,000	\$4.50
15,001 – 20,000	\$6.75
Over 20,000	\$9.51


Summer Surcharge during July and August
\$0.35/1,000 gallons for usage over 20,000 gallons /month



Mandatory odd /even day watering rotation system

Water Rates





Water Fund

Major Revenue Assumption

- For FYE 26+, user fee revenues are estimated at a growth rate of 1.5% per year for projected customer growth.
- Water connection charges were increased for all meter sizes effective 4/22/22 and 4/22/23 as follows:


Meter Size	Effective 4/22/22	Effective 4/22/23
$\frac{3}{4}$ "	\$1,250.00	\$1,500.00
1"	\$2,083.75	\$2,500.50
1.5"	\$4,166.25	\$4,999.50
2"	\$8,333.75	\$10,000.50





Water Fund

Expenditure Assumptions

- Interim water purchase contract with Oklahoma City = \$1,240,330 budgeted
 - 1 MGD (take or pay) at \$2.78/1,000 gal through 2024 and increases to \$2.91/1,000 gal January 2025.
 - COMCD =\$938,734
 - No change from 2024. Replacement of a raw water line in Lake Thunderbird that supplies water for Norman, Midwest City, and Del City. Norman's share is 43%.
 - \$393,115 included in FYE 25 budget for fleet related replacement purchases and other capital equipment (Backhoe \$175K and Skid steer \$111K)
 - FYE 25 Ending Fund Balance projected to be \$1,264,777
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Water Projects

- Major projects completed in FYE 24
 - Line Maintenance Building, \$8.4M (joint funding with WRF Fund)






Water Projects

- Major projects from FYE 24 to be in complete in FYE 25
 - Southlake Addition WL Replacement, \$2.7M
 - Parsons Water Line Replacement, \$3.4M
 - AIM – Water Master Plan Update, \$500K
 - WL Replacement, Danfield b/w Brookhaven, \$810K
 - Lead Service Line Inventory Submittal (October 2024) - More Work to Be Done





Water Projects


- Major projects from FYE 24 to be in ongoing in FYE 25
 - Advanced Water Metering, \$16M
 - James Garner WL Replacement – Main to Duffy (w/ Public Works), \$2.7M
 - Jenkins WL Replacement – Imhoff to Lindsey (w/ Public Works), \$2.6M
 - Tecumseh Water Line – 24th Ave NW to Journey Parkway, \$5.0M
 - Robinson Water Line – 12th Ave NE to 24th Ave NE \$3.7M
 - Continued Lead Service Line Inventory and Replacement
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Water Projects Construction



Water Projects

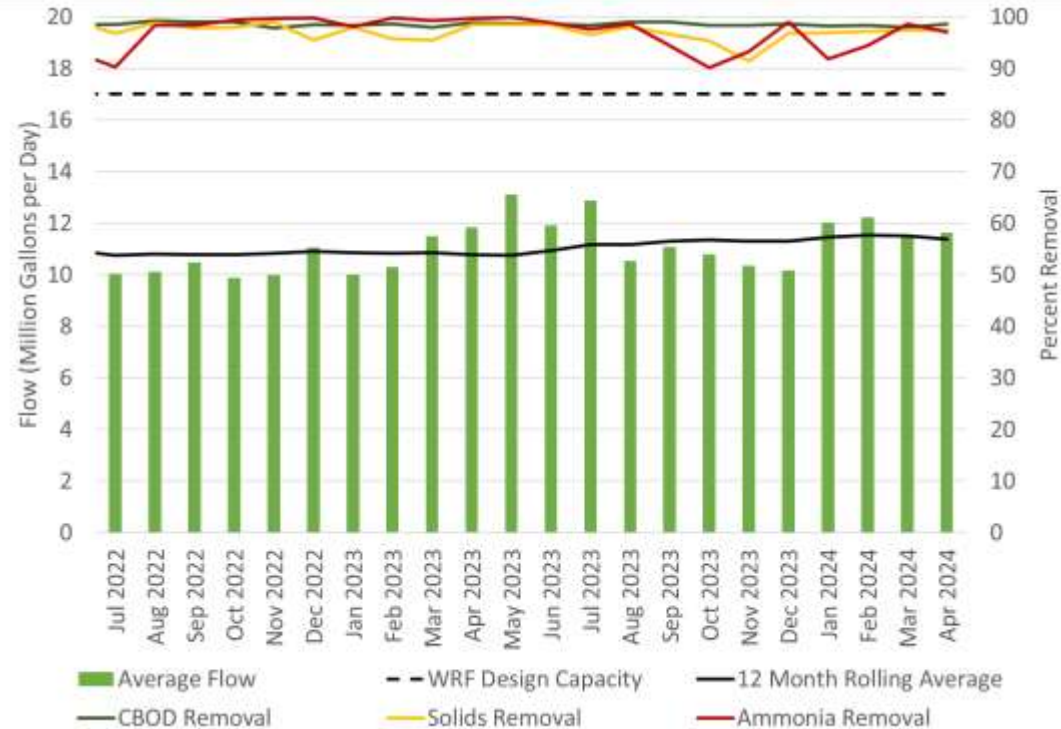


- Major New Water Projects for FYE 25
 - Groundwater Treatment Facility, \$7M for construction
 - Robinson Water Tower, \$773K
 - Lindsey Water Tower, \$350K
 - WTP Various Improvements, \$2.4M
 - Water Line Replacement Project Design, \$880K
 - Flood from Franklin North
 - Carter – Robinson South to Main
 - Westwood Estates
 - Royal Oaks
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WATER RECLAMATION FUND




Water Reclamation Facility

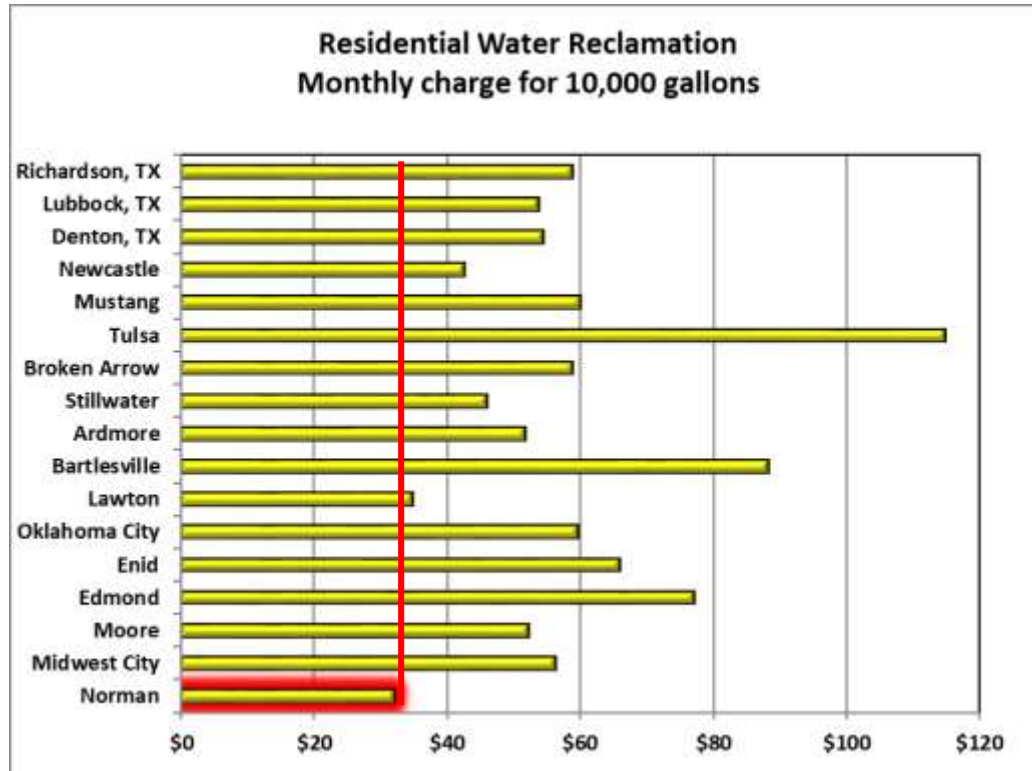




Sewer Line Maintenance

- Maintain over 530 miles of sewer lines
 - Maintain over 12,000 manholes
 - Clean over approx. 1.3 million feet of sewer lines each year
 - Inspect and record over 250,000 feet of sewer lines
 - Over the last 20 years reduced Sanitary Sewer Overflows by 90%
- 


Water Reclamation Rates






Water Reclamation Fund

Major Revenue Assumptions

- Residential wastewater service rates were raised in November of 2013. Current rates are \$5 base + \$2.70 per 1,000 gallons of treated wastewater.
 - User fee revenues for FYE 25 are budgeted at a projected 3.6% increase from FYE 24 Estimate. *Amendment proposed to reduce service fee revenue by \$775,000, or 3% below current year est. due to slow growth
 - *Estimated FYE 25 ending fund balance \$1,452,101
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Water Reclamation Fund Expenditure Assumptions

- Major Project completed in FYE 24
 - Line Maintenance Building, \$8.4M (joint funding with WET Fund - 322)
 - Major Projects for FYE 24 carried into FYE 25
 - Dewatering Centrifuge Replacement, \$2.3M (joint funding with WET Fund - 322)
 - Blower Replacement, \$2.6M (\$1.8M in FYE 25 Funding)
 - Digester 3 Roof Replacement, \$250K
- 



Water Reclamation Fund Expenditure Assumptions

- Major Project proposed for FYE 25
 - WRF Facility Upgrades, \$2.0M
 - Clarifier rehabilitation
 - Non-potable reuse system
 - Screening replacements
 - Instrumentation and controls
 - Major Projects deferred to FYE 26
 - Storage Building, \$1.1M
 - Main Control Building Renovation with Laboratory, \$3.5M
- 

Indirect Potable Reuse Update

Thunderbird IPR Pilot Study

Final Report



Prepared by:



1016 24th Avenue
Norman, OK 77

March 7

Garver Project

Scott A. Thompson
Executive Director



March 18, 2024

Chris Mattingly, P.E.
Director of Utilities
City of Norman
201 West Gray St., Bldg. C
Norman, OK 73069

Re: DEQ Support for IPR Pilot and Project
Dear Mr. Mattingly:

The Department of Environmental Quality (DEQ) appreciates and supports the City of Norman (City) and Garver as we work together on indirect potable reuse (IPR) drinking water solutions for the State of Oklahoma. The City, Garver, and Walters-Morgan Construction, Inc. constructed and operated IPR demonstration and pilot testing facilities at the Norman Water Reclamation Facility (WRF) beginning in March of 2021 and ending in June of 2022 to provide proof-of-concept for an advanced IPR treatment train, from biological nutrient removal (BNR) to final disinfection, resulting in the Lake Thunderbird IPR Pilot Study Final Report, Norman Water Reclamation Facility, submitted to DEQ on September 6, 2023. Based on life cycle costs, treatment efficacy, and additional factors, such as future regulatory concerns, the recommended IPR treatment is the Modified University of Capetown (mUCT) process with tertiary coagulation-assisted cloth-media disk filtration, and ozone with biologically active filtration (BAF), coupled with ultraviolet (UV) disinfection.

As described in DEQ's rules for IPR (OAC 252-628-9-2), the IPR permit application is a six-step process, noting that some of these steps may be performed in parallel:

1. Submit a feasibility study;
2. Submit a pilot study protocol;
3. Submit a wastewater allocation (WLA) request letter;
4. Submit an engineering report;
5. Submit an Oklahoma Pollution Discharge Elimination System (OPDES) permit application;
6. Submit the final design report and application forms.



Sustained and collaborative efforts with ODEQ throughout the six-step process for any IPR project is required.



SEWER MAINTENANCE FUND



All revenue is from a \$5 per month sewer maintenance rate approved in 2001

- All Sewer Maintenance Rate projects must be on a pay-as-you-go basis
- Since 2001, over 461,000 feet of sewer line have been rehabilitated

Sewer Maintenance Fund

Major projects completed in FYE 25

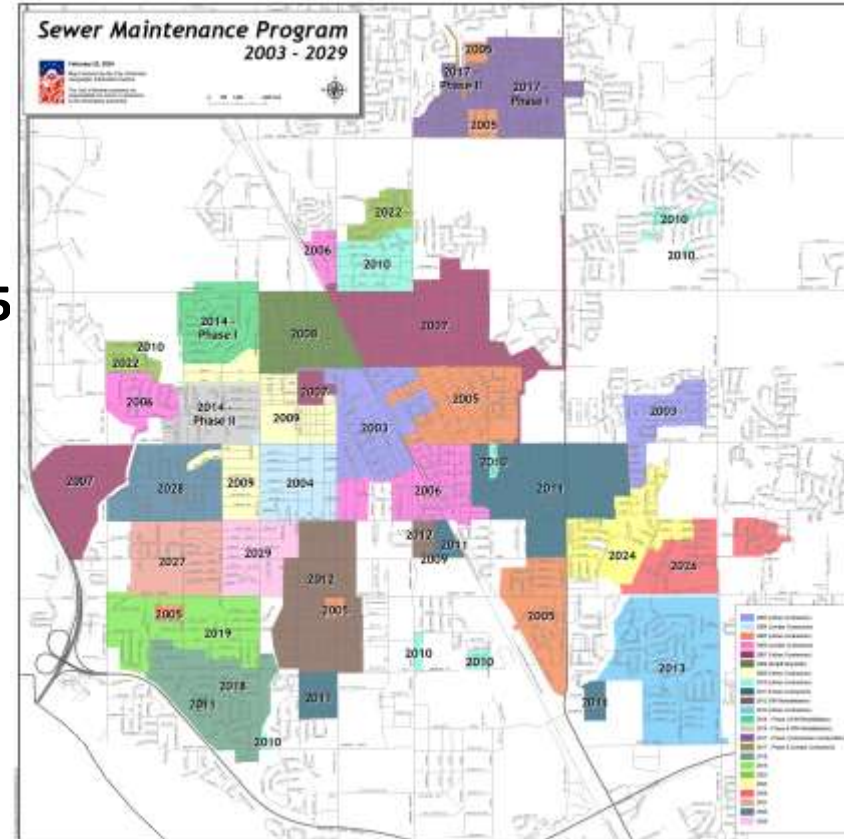
- Lift Station D Force Main Ph 2, \$1.05M (w/ WET)
- Oliver Woods Aerial Replacement, \$385K

Major projects from FYE 24 carried into FYE 25

- SMP 18, \$2.9M - Bidding in July
- SMP 19, \$5.4M - Construction
- SMP 22, \$3.4M - Design in FYE 25

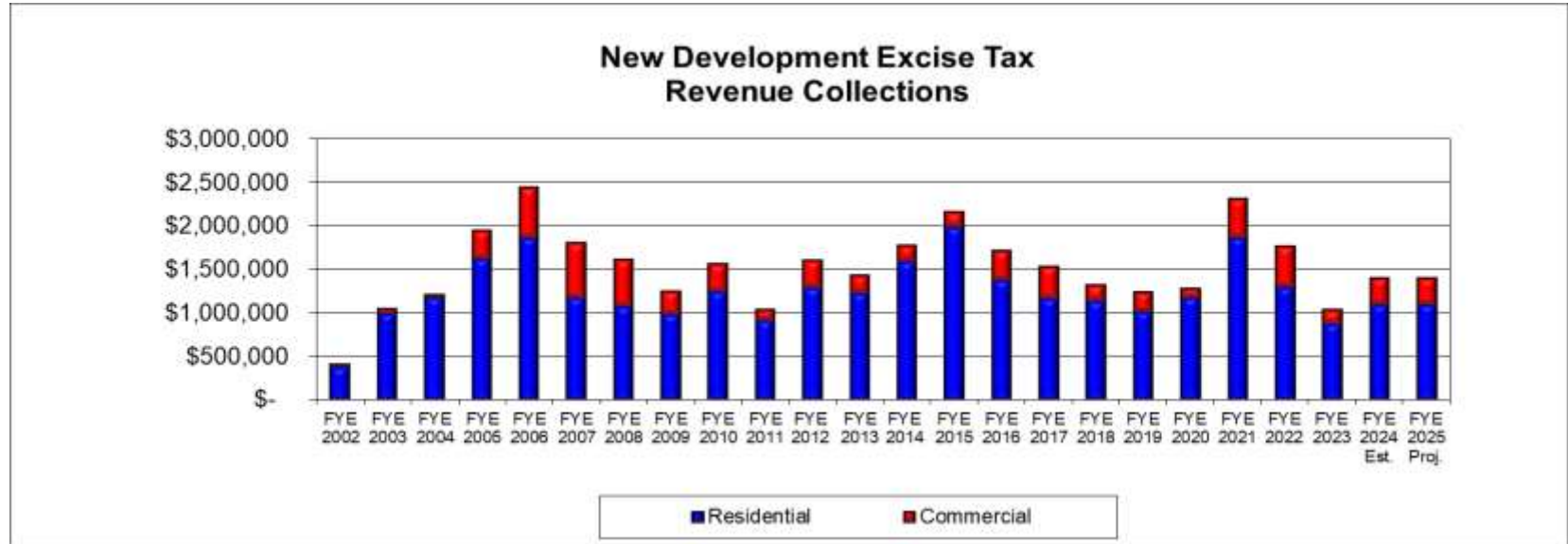
Major projects for FYE 25:

- SMP 24, \$5.1M - Design in FYE 25 (restored \$)




NEW DEVELOPMENT EXCISE TAX FUND

Revenue is from new construction building permits based on wastewater generated.

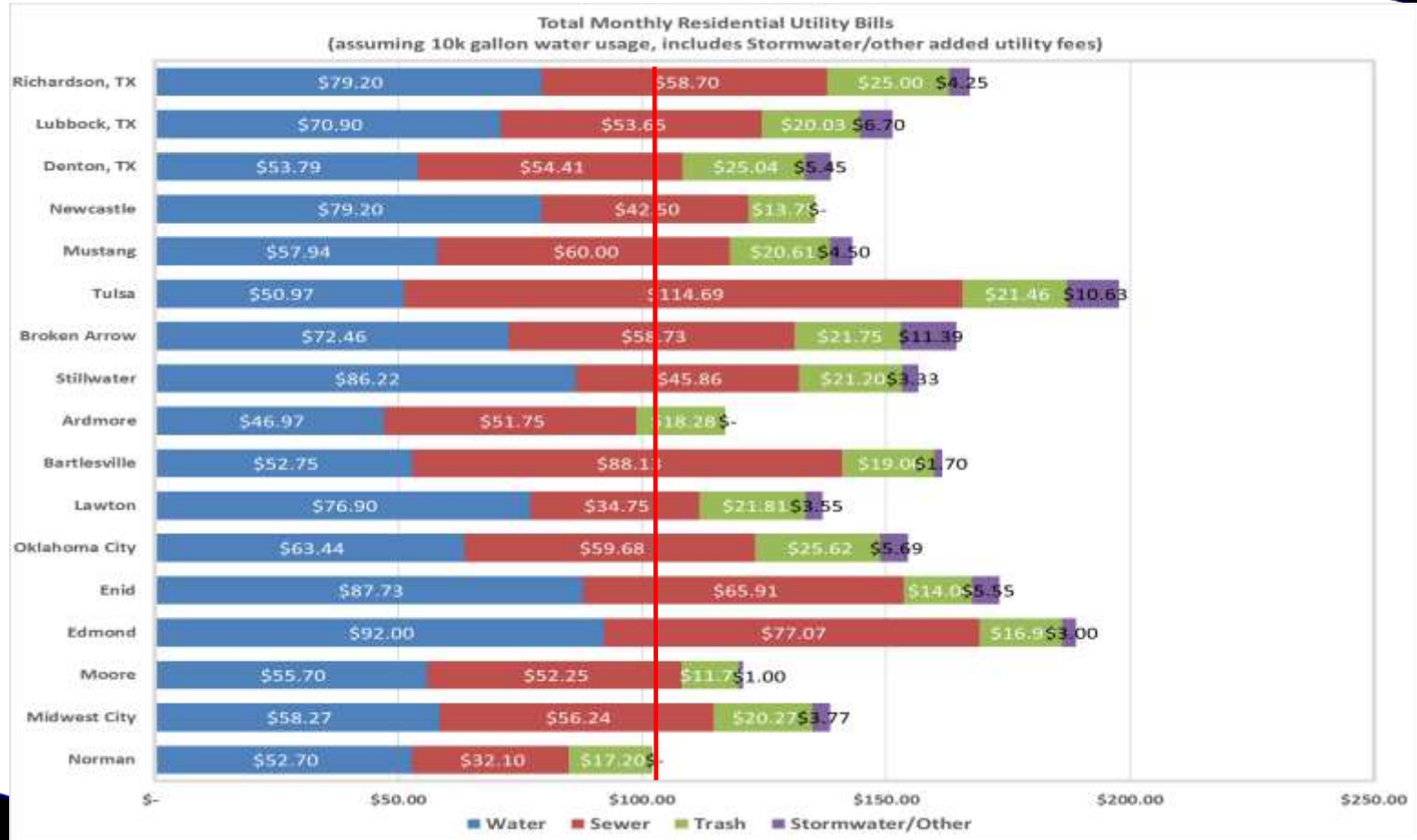




NEW DEVELOPMENT EXCISE TAX FUND

- FYE 25 projected revenues of \$1.4M (\$1.1M from residential projects, \$0.3M from commercial projects)
 - Projects completed in FYE 2024
 - Lift Station D Force Main Replacement Phase 2 – Rock Creek to north of Robinson, \$1.05M (combined with Sewer Maintenance Fund)
 - Projects from FYE 2024 ongoing in FYE 2025
 - WRF Dewatering Centrifuges, \$1.3M (Funding split with WRF Fund - 32)
 - AIM Norman Wastewater Master Plan Update, \$850K
 - No new projects for FYE 2025
- 

Total Utility Rates



DISCUSSION

