



# **CITY OF NORMAN, OK CITY COUNCIL STUDY SESSION**

**Municipal Building, Executive Conference Room, 201 West Gray, Norman,  
OK 73069**

**Tuesday, May 21, 2024 at 5:30 PM**

## **MINUTES**

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in Study Session in the Executive Conference Room of the Norman Municipal Building on the 21st day of May, 2024, at 5:30 p.m., and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray Street 24 hours prior to the beginning of the meeting.

### **CALL TO ORDER**

#### **PRESENT**

Mayor Larry Heikkila  
Councilmember Ward 2 Lauren Schueler  
Councilmember Ward 3 Bree Montoya  
Councilmember Ward 4 Helen Grant  
Councilmember Ward 5 Michael Nash  
Councilmember Ward 7 Stephen Holman  
Councilmember Ward 8 Matthew Peacock

#### **ABSENT**

Councilmember Ward 1 Austin Ball  
Councilmember Ward 6 Elizabeth Foreman

### **AGENDA ITEMS**

1. DISCUSSION REGARDING THE PROPOSED FYE 2024 CITY OF NORMAN BUDGET – ENTERPRISE FUNDS.

Ms. Kim Coffman, Budget Manager, provided an overview of the Enterprise Funds included in the Budget. Enterprise Funds are operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public are financed or recovered primarily through user charges. She said Enterprise Funds include Sanitation, Water, and Water Reclamation, with two sub-funds in Water Reclamation that includes Sewer Maintenance and New Development Excise Tax.

Sanitation Fund

Ms. Coffman said the Sanitation Division annually collects more than 110,000 tons of solid waste and approximately 30,000 tons of yard waste that is placed in the Compost Facility; the City offers curbside recycling through Republic Services with a 85% participation rate and Republic collects more than 4,000 tons of recyclable material annually; and offers four recycling drop-off centers that collect more than 1,700 tons annually. She said the City added a new recycling hub at the Transfer Station that accepts scrap iron, wood, and glass, which the other three drop-off centers do not accept. She said 175 tons of glass is recycled annually.

Ms. Coffman highlighted a comparison of residential sanitation rates with other communities, i.e., Ardmore, Bartlesville, Broken Arrow, Edmond, Enid, Lawton, Midwest City, Moore, Mustang, Newcastle, Oklahoma City, Stillwater, and Tulsa as well as out of state communities, i.e., Richardson, Texas, Denton, Texas; and Lubbock, Texas. She said services include spring and fall clean-up days; once a week solid waste collection; once a week yard waste collection; free brush drop-off; four recycling drop-off centers; free compost (when available); and residential curbside recycling.

Ms. Coffman said sanitation rates were last increased in April 2011, to \$17.20 per unit per month, which includes a \$3.00 curbside recycling charge; a \$0.20 Oklahoma Solid Waste Management charge. Citizens can get additional polycart if they like for a charge \$7 per month; and estimated revenue at a growth rate of 1.8% per year.

The major Sanitation Fund expenditures include \$3,002,705 for fleet related replacement purchases, \$3.1 million for landfill tipping fees (expenses have increased 9% from FYE 24 to FYE 25) and FYE 24 and an ending fund balance is \$2,188,335. There is no change to the Recycling Contractor expense currently budgeted at \$1.62 million.

Major projects completed in FYE 24 include \$3.1 million for New Sanitation Facility and major projects from FYE 24 to be completed in FYE 25 include \$420,000 for Compost Facility Scale House Modification; \$1.9 million for Transfer Station renovation. The Sanitation Storage Building budgeted at \$650,000 in also included in the FYE 25 Budget.

Ms. Coffman said potential impacts to the budget for the next budget process is a new Request for Proposal (RFP) for landfill disposal; RFP for Recycling Commodities; transition of recycling to City Staff; use of Sanitation funds for little crews; and the upcoming cost-of-service study for Sanitation.

Water Fund

Water production, at Norman Water Treatment Facility, runs 24 hours per day, 365 days a year, and produces over 5.0 billion gallons annually. Ms. Coffman said the Line Maintenance Division maintains over 650 miles of water pipe with diameters of two to 48 inches, 7,012 fire hydrants, and 14,293 valves. Line Maintenance repairs an average of 185 water line breaks each year; replaces over 3,000 feet of old deteriorated/undersized water mains; maintains 1,100 fire hydrants and over 42,000 water meters.

Ms. Coffman highlighted the water rate history since the inverted block rate was adopted in 1999 to encourage conservation (a progressive rate structure charges higher rates to highest quantity water users and affects about 25% of residential customers).

Current residential rate structures for Norman as follows:

Gallons	Rates (per 1,000/gallon)	PROPOSED RATE (PER 1 KILOGRAM GALLON)
Base Fee	\$6.00	\$10.90
0 – 5,000	\$3.35	\$ 3.46
5,001 – 15,000	\$4.10	\$ 4.50
15,001 – 20,000	\$5.20	\$ 6.75
Over 20,000	\$6.80	\$ 9.51

The City currently charges a summer surcharge of \$0.35 per 1,000 gallons during July and August for usage of 20,000 gallons per month (gpm) or more. There is also a mandatory year round odd/even watering rotation schedule for customers.

Ms. Coffman highlighted a comparison of residential water rates for several communities, i.e., Ardmore, Bartlesville, Broken Arrow, Edmond, Enid, Lawton, Midwest City, Moore, Oklahoma City, Stillwater, and Tulsa as well as out of state communities, i.e., Richardson, Texas; Denton, Texas; and Lubbock, Texas. She said Norman's rates are below benchmark cities as the average cost based on 10,000 gpm.

Major revenue assumptions for the Water Fund in FYE 26 are estimated at a growth rate of 1.5 percent per year. Water connection charges increased for all meter sizes as follows:

Meter Size	Effective April 22, 2023
3/4 inch	\$ 1,500.00
1 inch	\$ 2,500.00
1.5 inch	\$ 4,999.50
2 inch	\$10,000.50

Water Fund (WTP), continued

Water Fund expenditure assumptions include \$1,240,330 budgeted for interim water purchase contract from Oklahoma City (OKC); \$938,734 for Central Oklahoma Master Conservancy District for the replacement of the raw water line in Lake Thunderbird that supplies water to Norman, Midwest City, and Del City. Norman's share is 43%. The FYE 26 Budget includes \$393,115 for fleet related replacement purchases and other capital equipment; and the FYE 25 ending fund balance is projected to be \$1,264,777.

Ms. Coffman said the major water project completed in FYE 24 was the Line Maintenance Building at a cost of \$8.4 million.

Major new projects for FYE 24 to be completed in FYE 25 includes \$2.7 million for the Southlake Addition Water Line Replacement Project; \$3.4 million for the Parsons Water Line Replacement Project; \$500,000 for the Water Master Plan; and \$810,000 for the Water Line Replacement Project on Danfield.

Major projects for FYE 24 that are ongoing in FYE 25 include \$16 million for Advanced Water Metering Infrastructure; \$2.7 million for the James Garner Water Line Replacement, Main to Duffy; \$2.6 million for the Jenkins Avenue Water Line Replacement, Imhoff Road to Lindsey Street; \$5 million for Tecumseh Road Water Line Replacement, 24<sup>th</sup> Avenue NW to Journey Parkway; \$3.7 million for the Robinson Street Water Line Replacement, 12<sup>th</sup> Avenue NE to 24<sup>th</sup> Avenue NE; and continued Lead Service Inventory and Replacement.

Future Water Projects (subject to funding) include \$7 million for a Groundwater Treatment Facility; \$773,000 for the Robinson Street Water Tower Painting Project; \$350,000 for the Lindsey Street Water Tower Painting Project. \$2.4 million for various Water Treatment Plant improvements; and \$880,000 for Water Line Replacement Project design, Flood Avenue from Franklin Road north to city limits, Carter Avenue from Robinson Street south to Main Street, Westwood Estates, and Royal Oaks.

Water Reclamation Fund (WRF)

Ms. Coffman highlighted WRF performance over the previous year.

The Sewer Line Maintenance Division maintains over 530 miles of sewer lines and over 12,000 manholes; cleans over one million feet of sewer lines each year; and inspects and records over 250,000 feet of sewer lines. She said over the last 20 years, the City has reduced sanitary sewer overflows by 90%.

Item 1, continued:

Water Reclamation Fund:

Ms. Coffman highlighted comparable residential rates for the cities previously mentioned and said Newcastle is the only city with a lower rate than Norman.

Major revenue assumptions for the Water Reclamation Fund include residential wastewater service rates increased in November 2013. Current rates are a \$5.00 base plus \$2.70 per 1,000 gallons of treated wastewater. Ms. Coffman said user fee revenues for FYE 24 are budgeted at a projected 3.6 percent increase. The FYE 24 fund balance is projected to be \$1,452,101.

Major project completed in FYE 24 was the Line Maintenance Building (funding split with Water Fund), \$8.4 million.

Major projects for FYE 24 carried into FYE 25 includes \$2.3 million for Dewatering Centrifuge Replacement, \$2.6 million for the Blower Replacement Project, and \$250,000 for Digester 3 Roof Replacement.

Major projects deferred to FYE 26 include \$1.1 million for a Storage Facility and \$3.5 million for Main Control Building Renovation with Laboratory.

Sewer Maintenance Fund

Ms. Coffman said Sewer Maintenance Fund revenue comes from a \$5.00 per month sewer maintenance rate approved in 2001. She said all Sewer Maintenance Rate Projects must be on a pay-as-you-go basis. Since 2001, over 461,000 feet of sewer lines have been rehabilitated.

Ms. Coffman highlighted Sewer Maintenance Fund projects completed in FYE 24 as the Lift Station D Force Main, Phase 2, \$1.05 million and the Oliver Woods Aerial Replacement Project, \$385,000.

Major projects for FYE 24 carried into FYE 25 includes \$2.9 million for Sewer Maintenance Project 18; \$5.4 million for Sewer Maintenance Project 19; and \$3.4 million for Sewer Maintenance Project 22 (Design).

The new major project for FYE 24 is the \$5.1 million for Sewer Maintenance Project 24 (Design).

The main source of revenue for the New Development Excise Tax Fund comes from building permits for new construction based on wastewater generated. Ms. Coffman said FYE 23 revenues are projected to be \$1.4 million (\$1.1 million from residential projects and \$0.3 million from commercial projects).

Item 1, continued:

Total Utility Rates

Ms. Coffman highlighted comparisons for total utility rates with several Oklahoma communities, i.e., Ardmore, Bartlesville, Broken Arrow, Edmond, Enid, Lawton, Midwest City, Moore, Newcastle, Mustang, Stillwater, Oklahoma City, and Tulsa as well as out of state communities, i.e., Richardson, Texas; Denton, Texas; and Lubbock, Texas. She said Norman has the lowest rates of all comparable communities, except Ardmore. She said many of these comparable rates include a Stormwater Utility Fee that Norman does not have, with fees ranging from \$1 per month to \$9.98 per month.

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2. DISCUSSION REGARDING POSSIBLE AMENDMENTS TO THE CONTRACT WITH FOOD AND SHELTER, INC., FOR EMERGENCY SHELTER SERVICES.

Ms. Shaakira Calnick, Internal Auditor, presented her findings of an audit of A Friends House, operated by Food and Shelter, Inc., (FSI). There were 19 recommendations from the Internal Auditor in the report related to items such as safety/security, bookkeeping/accounting, training, reporting, distribution of medications, etc. The full report is on file in the City Clerk's Office and available on the City's website.

Councilmembers agreed any changes to the contract that would keep the City's liability at a low risk would be good. Council discussed striking a balance on several of the recommendations. Staff was directed to negotiate potential contract amendments with FSI and bring back for further discussion.

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3. DISCUSSION REGARDING ESTABLISHING AN INTERNAL AUDIT CHARTER AND POLICIES.

This item was not discussed and will be carried over to the next study session.

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**ADJOURNMENT**

The meeting adjourned at 8:34 p.m.

ATTEST:

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City Clerk

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Mayor