



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: February 14, 2023

REQUESTER: Nathan Madenwald, P.E., Utilities Engineer

PRESENTER: Nathan Madenwald, P.E., Utilities Engineer

ITEM TITLE: CONSIDERATION OF ACCEPTANCE, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF A WATERSMART GRANT IN THE AMOUNT OF \$2,000,000 AS ADMINISTERED BY THE BUREAU OF RECLAMATION FOR USE ON THE ADVANCED WATER METERING PROJECT TO BE COMPLETED BY THE UTILITIES DEPARTMENT AND BUDGET APPROPRIATIONS AS OUTLINED IN THE STAFF REPORT.

BACKGROUND:

The City of Norman water system includes approximately 41,000 water meters that measure water usage for water and sewer billing purposes. The majority of the meters (approximately 39,000) are manually read by meter readers (physically remove the meter lid and read the current usage on the register) and 2,000 meters are read using automated meter reading (AMR) (remote sensor used to collect data while driving by in a truck). As the number of meters increase, staffing levels would have to proportionally increase to ensure that meters are read timely and accurately. Insufficient staffing levels can result in missed reads or inaccurate reads that impact customer service and billing revenues. Additionally, the majority of the water meters in Norman have aged past their expected useful life and warrant replacement.

Contract K-2021-75 with E Source Companies, LLC was approved on June 8, 2021, by the Norman Utilities Authority (NUA). Amendment No. 1 to the contract was approved on October 26, 2021, to complete the procurement phase of the project. Amendment No. 2 was approved on December 13, 2022, to complete the implementation and closeout phase of the project. The procurement phase of the project is ongoing and E Source is currently negotiating the contract.

Resolution R-2122-43 was approved by the NUA on October 26, 2021, authorizing staff to submit a grant application through the Bureau of Reclamation (BOR) for the Advanced Water Metering Project. The BOR made available Funding Opportunity R22AS00023 titled *WaterSMART Grants: Water and Energy Efficiency Grants for fiscal year (FY) 2022* with funding possible within two groups: Group I – Up to \$500,000, and Group II – Up to \$2,000,000.

On October 25, 2022, the NUA and City Council approved Resolutions R-2223-49 and R-2223-50, authorizing indebtedness through the Oklahoma Water Resources Board's Statewide

Revolving Fund loan program, not to exceed \$15,000,000 to fund the Advanced Meter Infrastructure project.

DISCUSSION:

Staff submitted the WaterSmart grant application on November 3, 2021, in accordance with the funding opportunity requirements. On May 11, 2022, the BOR issued a letter regarding the application indicating that the application was sufficient to qualify for funding for Group I in the amount of \$500,000 but did not qualify for Group II funding. However, the application was also used for consideration for funding under the Bipartisan Infrastructure Law (BIL) in the amount of \$2,000,000. The application was deemed successful for BIL funding and the BOR issued the Notice of Award on December 5, 2022.

The received grant funds will be used for the Advanced Water Metering project. Grant proceeds will be recorded into Other Revenue – Miscellaneous Grant Reimbursement (Account 319-331346). Additionally, the following appropriations are proposed:

1. Appropriate \$2,000,000 from Other Revenue – Miscellaneous Grant Reimbursement account (319-331346) into Advanced Water Metering, Construction (Account 31993361-46101; Project WB0351); and
2. Appropriate \$13,627,000 from Water Fund, 2022 OWRB Loan Proceeds (31-29000) into Advanced Water Metering, Construction (Account 31993361-46101; Project WB0351).

The appropriation of the loan proceeds is necessary to cover the match requirement for the grant.

RECOMMENDATION 1: Staff recommends the Norman Utilities Authority accept Grant R22AP00649-00 in the amount of \$2,000,000 from the Bureau of Reclamation.

RECOMMENDATION 2: Staff recommends \$2,000,000 be appropriated to the Advanced Water Metering, Construction account.

RECOMMENDATION 3: Staff recommends \$13,627,000 be appropriated to the Advanced Water Metering Construction account.