



CITY OF NORMAN, OK CITY COUNCIL STUDY SESSION

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

Tuesday, February 07, 2023 at 5:30 PM

MINUTES

It is the policy of the City of Norman that no person or groups of persons shall on the grounds of race, color, religion, ancestry, national origin, age, place of birth, sex, sexual orientation, gender identity or expression, familial status, marital status, including marriage to a person of the same sex, disability, relation, or genetic information, be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in employment activities or in all programs, services, or activities administered by the City, its recipients, sub-recipients, and contractors. In the event of any comments, complaints, modifications, accommodations, alternative formats, and auxiliary aids and services regarding accessibility or inclusion, please contact the ADA Technician at 405-366-5446, Relay Service: 711. To better serve you, five (5) business days' advance notice is preferred.

CALL TO ORDER

Mayor Heikkila called the Meeting to Order at 5:30 p.m.

PRESENT

Mayor Larry Heikkila
Councilmember Ward 1 Brandi Studley
Councilmember Ward 2 Lauren Schueler
Councilmember Ward 3 Kelly Lynn
Councilmember Ward 4 Helen Grant
Councilmember Ward 5 Rarchar Tortorello
Councilmember Ward 6 Elizabeth Foreman
Councilmember Ward 7 Stephen Holman
Councilmember Ward 8 Matthew Peacock

ABSENT

None

AGENDA ITEMS

1. PRESENTATION FROM THE XENIA INSTITUTE REGARDING THE COMMUNITY DIALOGUE ON CIVILITY.

Mr. David Spain, President of the Xenia Institute for Social Justice, said the Xenia Institute was established in 2009 and focuses its attention on issues that have become contentious in the City and seeking to bring people together for better conversations and deeper understanding.

Item 1, continued:

Mr. Spain said Xenia means “hospitality” and Xenia Institute has hosted community conversations about community policing, bullying in schools, high-density development, and refugee and immigration concerns. He said over the past two years, Xenia Institute has focused more of its energies on finding ways to address incivility, which seems to have increased in Norman recognizing that such acrimony is not unique to Norman. During two planning sessions with the Center for Public Life, a model for civil discourse was developed to invite participants to respond to six questions within small groups. The purpose of the model is not only to allow participants to hear others’ concerns and differences, but to discover shared values thereby striving to engage with one another in a respectful and honest manner.

Ms. Lynne Miller, Xenia Institute volunteer, said approximately 35 people participated in four sessions that included a mix of men and women of varying ages and ethnic backgrounds, some retired and some still working, some who have lived in Norman for a short time and some who have lived in Norman their entire lives. There seemed to be concerns regarding political divisiveness and lack of civility by and between City officials as well as a minority of people who are a part of the public at-large that is aggravating the situation more. She said social media has added fuel to that fire because with the decline of newspapers, the sense of community and trust has diminished and, conversely, divisive issues and lack of civility are now coming to the surface on social media platforms. She said this rancor is not exclusive to City Council, it is happening throughout the community and there is a belief that fear is driving the anger. She said divisiveness is driven by fear and the overwhelming presence of social media, the spreading of non-truths, and lack of filters for hateful thoughts and defamation exceedingly increase volatility and contribute to ignorance, which breeds fear.

Among the fears expressed by participants was the inability to provide for and protect their families; losing the comfortable way of life to which they are accustomed; and becoming vulnerable or a target of antagonism for speaking up.

While a small majority of participants seemed unwilling to acknowledge that problems exist within Norman, the overarching view of most of the participants was that the Norman of the past has disappeared. Ms. Miller said four specific concerns included encouragement to take sides thereby deliberately creating divisiveness; the use of hurtful labeling, such as saying “those people,” which is magnified on social media; development of “tribalism” or people living in pods by congregating to like-minded people or groups creating an “us” versus “them” mentality; and loss of confidence and/or trust in government at all levels. She said political issues have become very partisan, which can become a problem.

Participants unanimously identified two substantive issues facing Norman that include homelessness and lack of adequate mental healthcare, particularly for the youth. Everyone agreed that resources and public awareness are critically lacking in connection with both problems. Other issues included economic divisions among the Norman population; lack of knowledge of the limited resources dedicated to sustaining the environment; the workforce shortage; decreasing affordability of living in Norman; and the concentration of citizens living in poverty in particular areas, which may lead to an increase in crime.

Item 1, continued:

Mr. Spain said Xenia Institute would like to build a model that could be shared with other groups to host their own forums. He said Neighborhood Alliance may be able to help facilitate some of the dialogue.

Items submitted for the record

1. Dialogues Hosted by the Xenia Institute for Social Justice Report

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2. PRESENTATION FROM RAFTELIS REGARDING COST OF SERVICES STUDY FOR UTILITY RATES.

Mr. Chris Mattingly, Director of Utilities, said Raftelis was hired to provide a Water and Wastewater Cost of Service Study, which is the topic of tonight's discussion and introduced Mr. Todd Cristiano of Raftelis.

Mr. Cristiano said water and wastewater costs continue to increase nationwide, which affects everyone. He said Raftelis' rate study includes a financial plan, cost of service, and rate design. He said Norman's last rate increase was in 2015, and since that time, water and wastewater costs have increased approximately 28%.

The water utility Capital Improvement Program (CIP) over the next ten years will cost \$394.5 million, which includes \$196 million in 2028 for a Chromium Project. He said water and wastewater expenditures are anticipated to increase by 45% in 2026, which cannot be sustained by current revenue.

The Cost of Service Analysis assigns operating and capital costs to customers based on their specific demand requirements to ensure everyone is paying their proportionate share whether that is residential, commercial, or irrigation services.

Mr. Cristiano said incorporating values in the rate design pricing objectives includes revenue stability; cost recovery between classes; cost recovery with classes; cost of recovery between existing and new customers; efficient water use pricing signal; demand management; essential use pricing; citizen vote approval; customer impact; and ease of administration/implementation.

Mr. Cristiano highlighted two water rate alternatives that include Alternative One: recover costs by class and maintain existing residential and commercial structure and Alternative Two: charge a higher base fee to improve revenue stability and adjust tier rates for residential and commercial to encourage wise water use.

Item 2, continued:

Mr. Cristiano highlighted proposed residential rate alternatives, currently is a base fee of \$6 with a Capital Improvement Charge (CIC) of \$1.50, as follows:

Tiers	Gallons	Current Rate	Alternative One: Across the Board	Alternative Two: Fixed Charge Recovery
Base Fee		\$6.00 + \$1.50	\$7.70 + \$1.50	\$10.90 + \$1.50
Tier 1	0-5	\$3.35	\$4.27	\$ 3.46
Tier 2	5-15	\$4.10	\$5.23	\$ 4.50
Tier 3	5-20	\$5.20	\$6.63	\$ 6.75
Tier 4	More than 20	\$6.80	\$8.67	\$ 9.51

Proposed commercial rate alternatives, currently a base fee \$6.00, are as follows:

Tiers	Gallons	Current Rate	Alternative One: Across the Board	Alternative Two: Fixed Charge Recovery
Base Fee		\$6.00	\$7.70	\$10.90
Tier 1	0-AWC*	\$3.80	\$5.62	\$ 5.15
Tier 2	More than AWC	\$4.20	\$6.21	\$ 7.72

*AWC = Average Winter Consumption

Proposed irrigation rate alternatives currently a base fee of \$6 with a Capital Improvement Charge (CIC) of \$1.50, are as follows:

Tiers	Gallons	Current Rate	Alternative One: Across the Board	Alternative Two: Fixed Charge Recovery
Base Fee		\$6.00 + \$1.50	\$7.70 + \$1.50	\$10.90 + \$1.50
Tier 1	0-5	\$3.35	\$4.27	\$ 3.46
Tier 2	5-15	\$4.10	\$5.23	\$ 4.50
Tier 3	5-20	\$5.20	\$6.63	\$ 6.75
Tier 4	More than 20	\$6.80	\$8.67	\$ 9.51

Mr. Cristiano said residential monthly water bills can have various levels of consumption and highlighted costs as \$24.25 at current rate, \$25.25 under Alternative One and \$29.70 under Alternative 2 for five gallons or less usage; \$44.75 at current rate, \$56.70 under Alternative 1, and \$52.20 under Alternative Two for up to 10 gallons usage; and \$91.25 under current rate, \$116.00 under Alternative 1, and \$108.45 under Alternative 2 for up to 20 gallons usage.

A comparison of peer cities include Edmond; Stillwater; Newcastle; Mustang; Oklahoma City; Midwest City; Moore; and Tulsa, with Norman having the lowest water residential utility rates and even under a fixed recovery charge rate, Norman would remain the lowest.

Item 2, continued:

The Financial Plan includes fully funding operations and maintenance, covering existing debt service, and transitioning to debt-financed capital (non-growth) through FYE 2028. Mr. Cristiano said revenue adjustments will be needed in FYE 2024, to maintain wastewater reserves in line with Norman policies. The Water Reclamation Facility (WRF) is projected to run deficits by FYE 2026 and expend existing reserves by FYE 2029. When looking at transitioning to debt-financed CIP, current rates will not support the planned CIP on a cash financed basis. He said cash financing capital would suggest higher reserves that are target appropriate; existing debt maturities freeing up debt capacity; rebalancing level of cash versus debt financing will minimize rate increases; and debt financing is projected through FYE 2027. In FYE 2028 through FYE 2031 reserves will be sufficient to cash finance more projects.

Wastewater Utility revenue and expenditures are currently below targeted estimates and accumulation of adequate reserves could allow for future transition to cash financing CIP. Alternative One: Across the Board, increase would maintain the current structure and charge an equal percentage increase on the base fee plus volumetric rates billed on average AWC. Alternative Two: Fixed Charge Recovery would modify the current structure to increase revenues from base fee as well maintain volumetric rates at current level.

Rate structure alternatives with no cost of service adjustment due to AWC billing practices include Alternative One, Across the Board increase: maintain current structure with an equal percentage increase on base fee plus volumetric rates billed on AWC; and Alternative Two, Fixed Charge Recover: modify current structure to increase revenues from base fee, increase base fee, and maintain volumetric rates at current level.

Proposed residential and commercial rates for wastewater utility are as follows:

Description	Gallons	FYE 24 Existing	Alternative One: Across the Board	Alternative Two: Fixed Charge Recovery
Base Fee		\$5.00	\$5.50	\$6.75
	Per 1,000	\$2.70	\$2.97	\$2.70

The average residential customer wastewater bill for customers using 4,000 gallons per month is currently \$21.30 and would increase to \$22.38 under Alternative 1 and \$23.05 under Alternative 2. The average residential customer wastewater bill for customers using 8,000 gallons per month is currently \$32.10 and would increase to \$34.76 under Alternative 1 and \$33.85 under Alternative 2.

A comparison of other peer cities that included Edmond; Stillwater; Newcastle; Mustang; Oklahoma City; Midwest City; Moore; Tulsa; and Blanchard show that Norman has the a lower residential wastewater utility rates with the exception of Newcastle and Blanchard.

Mr. Cristiano highlighted the total FYE 2024 rate revenue required with increase as follows:

Customer Class	Revenue with Proposed Increase	Cost of Service with Proposed Increase
Residential	\$22.4 million	\$21.7 million
Commercial	\$ 4.5 million	\$ 5.1 million
Irrigation	\$ 1.8 million	\$ 1.9 million
CIC Charges	\$ 2.1 million	\$ 2.1 million
TOTAL	\$30.9 million	\$30.9 million

Item 2, continued:

Councilmember Tortorello said he would like to see a third option with water rates in the middle of Alternative 1 and Alternative 2.

Councilmember Schueler said she could support Alternative 2 because Norman will still be comparatively lower than peer cities. She said this option will also promote conservation, which is a key component.

Councilmember Peacock said whatever option Council chooses will have to be approved through the court of public opinion so it needs to be equitable. He said Alternative 2 seems to be the less aggressive option.

Mayor Heikkila said there seems to be consensus among Council for Alternative 2 for water and wastewater.

Councilmember Grant said she would like to have a survey first with a possible fall election and Mr. Darrel Pyle, City Manager, said a survey could be a good educational tool as well.

Items submitted for the record

1. PowerPoint presentation entitled, "City of Norman 2022 Water and Wastewater Cost of Service Study," dated February 7, 2023

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ADJOURNMENT

The meeting was adjourned at 7:20 p.m.

ATTEST:

City Clerk

Mayor