



## CITY OF NORMAN, OK STAFF REPORT

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**DATE:** 1/18/22

**REQUESTER:** Scott Sturtz, City Engineer

**PRESENTER:** Shawn O'Leary, Director of Public Works

**ITEM TITLE:** CONSIDERATION FOR APPROVAL, ACCEPTANCE, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF THE REALLOCATION OF AVAILABLE FUNDS TO THE CAPITAL FUND BALANCE AS OUTLINED IN THE STAFF REPORT AND THE ATTACHMENTS FOR THE 2012 TRANSPORTATION BOND PROGRAM RECONCILIATION.

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### BACKGROUND:

The 2012 Transportation Bond Program, consisting of eight large projects, was approved by Norman voters in the amount of \$42,500,000.00. In FYE 2023, seven of the eight bond projects will be completed. The last project under this program, 36th Avenue NW from Tecumseh Road to Indian Hills Road (2 miles), is pending a federal grant of funds.

The 2012 Transportation Bond Program currently has a cost overrun of \$5,816,000 for a total cost of \$48,316,000. The primary cause of this overrun is due to ODOT policy changes related to the Lindsey Street project. The new change barred the City from constructing drainage structures within ODOT's right-of-way, requiring the City to purchase additional right-of-way and construct a drainage apparatus at a different location than originally designed. The cost for this modification was more than \$5,000,000.00. Additional cost increase factors can be attributed to ballooning construction costs in recent years and degraded roads requiring full replacement versus the planned repair work. Four of the seven bond projects have been completed under budget.

At the November 16, 2021 City Council Study Session, Staff presented a plan to balance the \$5,816,000 shortfall. This plan included the reallocation of funds from the following programs:

- \$500,000 remaining balance from the 2012 Transportation Bond Program
- \$2,000,000 surplus balance from the 2010 Street Maintenance Bond Program
- \$1,500,000 surplus balance from the 2016 Street Maintenance Bond Program
- \$1,000,000 recoupment fees, deferral fees and traffic impact fees
- \$500,000 additional contributions from NUA for waterline relocations
- \$300,000 from other state and federal grants

**DISCUSSION:**

City Staff is committed to ensuring programmed construction preserves public safety and optimizes the performance and lifecycle of our critical infrastructure. In this case, aspects of the program were significantly impacted by an external factor after resources were defined and committed. Modifying the program to work strictly within the budget would have required down-scoping of projects which would produce a sub-optimal result less than advertised to the voters who approved the 2012 Transportation Bond Program. This program overrun is a “must pay” item and City Staff was able to develop a solution by leveraging available resources within the Capital Fund (Fund 50) to eliminate the deficit with no significant impact to the City’s priorities and programs.

Attachment 1 to this agenda item indicates the account numbers and precise values associated with this proposed reconciliation plan. Attachment 2 reflects the changes from the time of presentation to the Budget Committee in November 2021 and the current date. The primary change pertains to a reduction in collected deferral fees, which have since been reimbursed/refunded and are no longer available.

**RECOMMENDATION NO. 1:**

Staff recommends the approval of the transfer of funds in the amount of \$3,386,228.22 from the accounts depicted in Attachment 1 to the Capital Projects (Fund 50) balance, Account 50-29000, for the purpose of balancing the 2012 Transportation Bond Program deficit as discussed at the November 16, 2021 City Council Study Session.