



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: R-1415-107

File ID: R-1415-107

Type: Resolution

Status: Consent Item

Version: 1

Reference: Item 31

In Control: City Council

Department: Utilities Department

Cost:

File Created: 04/28/2015

File Name: Appropriate Remaining SST to WRF Phase 2

Final Action:

Title: RESOLUTION R-1415-107: A RESOLUTION OF THE TRUSTEES OF THE NORMAN UTILITIES AUTHORITY AND THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, TRANSFERRING REMAINING SEWER SALES TAX PROCEEDS INTO THE PHASE 2 WATER RECLAMATION FACILITY CONSTRUCTION PROJECT AND CLOSING THE SEWER SALES TAX FUND.

Notes: ACTION NEEDED: Acting as the City Council and the Norman Utilities Authority, motion to adopt or reject Resolution R-1415-107.

ACTION TAKEN: _____

Agenda Date: 05/26/2015

Agenda Number: 31

Attachments: Wastewater Capital Improvement Projects,
R-1415-107.pdf

Project Manager: Mark Daniels, Utilities Engineer

Entered by: mark.daniels@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
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Text of Legislative File R-1415-107

Body

BACKGROUND: The Wastewater Master Plan (WWMP), adopted by the Norman Utilities Authority (NUA) in 2001 recommended, among other projects, that facilities treating an average daily design flow (ADF) of 21.5 million gallons per day (MGD) would ultimately be needed to serve the area approved for urban development under the 2025 Land Use and Transportation Plan. The WWMP recommended expansion of the South Water Reclamation Facility (WRF) from 12 to 17 MGD and construction of a new North WRF with an ultimate ADF of 4.5 MGD.

In August 2001, the citizens of Norman approved implementation of the following mechanisms to fund the implementation of the WWMP:

1. Sewer Maintenance Rate (accounted for in the Sewer Maintenance Fund 321, or "SMF"): implementation of a \$5 per month fee to fund an upgraded sewer collection system maintenance and rehabilitation program;
2. Sewer Excise Tax on New Development (accounted for in the Sewer Excise Tax Fund 322, or "SET"):

implementation of an excise tax to fund future wastewater system needs resulting from new residential and commercial development as follows:

- a. a residential SET totaling \$850 for new homes up to 1,200 square feet (SF) in area plus an additional \$2 per square foot for homes in excess of 1,200 SF; and
- b. a non-residential SET of \$115 per new full time employee generating 30 gallons of wastewater per day or \$4 per gallon per day of wastewater generated.

3. Sewer Sales Tax (accounted for in the Sewer Sales Tax Fund 323, or "SST"): implementation of a 5-year, one-half percent sewer sales tax to fund existing and obligated wastewater system capital needs;

Since implementation of these funding mechanisms in October 2001, through the Fiscal Year Ending June 30, 2014 (FYE14), the NUA has expended over \$90 million (\$90 MM) for wastewater infrastructure improvements from a variety of funding sources including grants, the SET, the SST, the SMF and ratepayer contributions from the existing Water Reclamation Fund (WRF). In summary, Attachment 1 shows categories of wastewater Capital Improvement Projects (CIP) that have been funded (all amounts are rounded in millions).

The North WRF category includes the Lift Station D Rehabilitation project costing \$8.3MM. The South and North Sewer improvements have included 9.1 miles and 14.6 miles of sewer interceptors, respectively, at a cost of over \$29MM. Through FYE14, almost 24 miles of sewer interceptors and 45 miles of sewer collection lines have been rehabilitated or replaced. \$52.4MM of the remaining encumbered funding is to complete the South WRF Phase 2 Improvements, which are currently underway.

Design and construction costs for the South WRF Phase 2 Improvements (South WRF) are currently estimated to total \$61 million. The funding shares for the South WRF project (project number WW0065) were approved by the NUA during fiscal year 2013-2014. The funding pro-rata share was based on the type of improvement and its associated design capacity. Maintenance improvements are funded by the WRF as it serves existing needs; improvements increasing capacity from 12 to 13.9 MGD are obligated improvements typically funded by the SST (to address the additional 1.9 million gallons per day of capacity needed to serve existing and obligated sewer customers, as identified by the 2001 WWMP); and improvements increasing the design flow beyond 13.9 MGD are expansion related and funded by the SET. Based on the proposed improvements, the NUA approved a funding ratio was 40.7% for expansion needs to be funded primarily from the Sewer Excise Tax (SET), and 59.3% for current obligation needs, to be funded primarily from the Water Reclamation Fund (WRF).

A wastewater rate increase was also taken to the voters in November, 2013 to provide additional revenue for financing the Phase 2 Improvements at the South WRF. The rate increase approved by the voters was developed considering the funding split between the SET and the WRF as set forth above, as well as utilizing the remaining Sewer Sales Tax (SST) funds to reduce the length of the bond term for the improvements. Reducing the length of the bond was important to ensure sufficient bonding capacity when a Northside treatment plant is anticipated to be needed in the future.

Additionally, on January 14, 2014 and on April 8, 2014 the Citizens Wastewater Oversight Committee discussed the remaining approximately \$5.8 million of revenue generated from the Temporary Sewer Sales Tax (SST) and approved a motion to have those remaining funds applied to capacity expansion at the South WRF. On April 22, 2014, the South WRF Phase 2 Improvements project was awarded to Archer Western Construction, LLC (Archer Western) in the amount of \$48,822,550. On May 13, 2014, the NUA approved appropriations increasing the construction budget to \$51,263,680 including \$24,534,092 in the Water Reclamation Fund (WRF), \$20,864,318 in the Sewer Excise Tax (SET) Fund and \$5,865,270 in the Sewer Sales Tax (SST) Fund. As of March 31, 2015, Archer Western has been paid \$12,957,048, including all of the Sewer Sales Tax funding allocated to the contract. Utilizing the remaining SST funds for the Phase II Improvements was also reflected in the FYE15 Budget approved by the NUA.

DISCUSSION:

Since initiating construction of the South WRF Improvements, the following capital improvement projects with partial SST funding have been finalized and the SST funding returned to the Fund Balance.

Tecumseh Interceptor (project WW0262) - \$169,523
SE Bishop Interceptor (project WW0267) - \$65,151

Total - \$ 234,674

In accordance with the recommendation of the Citizens Wastewater Oversight Committee and the NUA's adoption of the FYE15 Budget as noted above, Resolution No. R-1415-104 proposes to transfer the remaining Sewer Sales Tax proceeds, as well as any accumulated interest, to the South Water Reclamation Facility project in the Water Reclamation Fund, so that the Sewer Sales Tax Fund can be closed out in fiscal year 2014-2015. The current estimate of the total remaining SST funds and interest is \$346,911.84. The final amount to be transferred will depend on total accrued interest at the time the transfer is completed.

RECOMMENDATION: It is recommended that the NUA and Council authorize and direct the transfer of all remaining Sewer Sales Tax funds and accrued interest at the time of the transfer, in the approximate amount of \$346,911.84, to the Water Reclamation Fund, Water Reclamation Facility Improvements Phase II, Construction (account 032-9048-432.61-01) and that the Sewer Sales Tax Fund be closed out at the end of fiscal year 2014-2015.