



# City of Norman, OK

Municipal Building  
Council Chambers  
201 West Gray  
Norman, OK 73069

## Master

**File Number: O-1415-18**

**File ID:** O-1415-18

**Type:** Ordinance

**Status:** Consent Item

**Version:** 1

**Reference:** Item No. 13

**In Control:** City Council

**Department:** Utilities Department

**Cost:**

**File Created:** 10/14/2014

**File Name:** Connection Charge Increase

**Final Action:**

**Title:** CONSIDERATION OF ORDINANCE O-1415-18 UPON FIRST READING BY TITLE: AN ORDINANCE OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, AMENDING SECTION 21-107(B) OF CHAPTER 21 OF THE CODE OF THE CITY OF NORMAN INCREASING WATER LINE CONNECTION CHARGES; REQUIRING REGULAR REVIEW OF CONNECTION FEES; AND PROVIDING FOR THE SEVERABILITY THEREOF.

**Notes:** ACTION NEEDED: Motion to Introduce and adopt Ordinance No. O-1415-18 upon First Reading by title.

ACTION TAKEN: \_\_\_\_\_

**Agenda Date:** 11/10/2014

**Agenda Number:** 13

**Attachments:** City of Norman Water and Sewer Connection Fees - Amended, O-1415-18, O-1415-18 (Annotated)

**Project Manager:** Ken Komiske, Director of Utilities

**Entered by:** kathryn.walker@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 O-1415-18

Body

**BACKGROUND:** The City of Norman currently collects a "Connection Charge" from anyone wishing to connect to the City's water and/or sewer service. The Connection Charge is paid prior to the furnishing of such service or prior to the issuance of a building permit. The Connection Charge increases as the water service meter size increases, in relation to the American Water Works Association (AWWA) maximum flow rate for continued operation for different size meters. The current Connection Charges were last increased effective May 11, 2007. The current Connection Charges are split between the Water Fund and the Wastewater Fund.

The City Council, acting as Trustees of the Norman Utilities Authority, has recently examined these fees in the context of reviewing the Water Fund. In addition to planned Phase II WTP Improvements, Norman's recently adopted 2060 Strategic Water Supply Plan recommends an expansion of the ground water supply system, as well as expanded piping to allow blending of wells that currently do not meet EPA guidelines, to meet current capacity needs. The estimated cost for these projects is approximately \$16 million. As part of its ongoing water line replacement program, an additional \$3 million is needed to replace and upsize water lines. Finally, as part

of its ongoing waterline improvements program, an additional \$3 million is needed to complete the southern water transmission loop.

An estimated total of \$50 million in capital facilities is planned from these combined projects:

WTP Phase II - \$ 31,000,000  
Water Well Field Expansion - 12,000,000  
Blending -\$ 2,000,000  
Land purchases -\$ 2,000,000  
Waterline Replacement and Upsizing -\$ 3,000,000

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TOTAL CAPITAL FACILITIES - \$ 50,000,000

Although the bulk of the planned well field expansion is to address current capacity needs, some of the new wells will address short-term new capacity needs driven by community growth. It has been estimated that of the \$12 million in new wells recommended by the 2060 Strategic Water Supply Plan, \$3 million (25%) of those costs would be for additional capacity to serve new customers. Funding those costs would require an increase in connection fees. A water rate increase is scheduled for consideration by the voters of Norman on January 13, 2015. Revised Connection Charges have been presented to the NUA/Council for discussion on September 23, 2014, September 30, 2014 and October 21, 2014. This item moves forward with an Ordinance that reflects Council's recent discussion related to rates and future review of connection fees.

**DISCUSSION:** Ordinance O-1415-18 proposes to raise the portion of the Connection Charges found in Chapter 21-107(b) of the City Code to provide additional funding to cover costs associated with new connections to water service. At this time, the wastewater portion of these charges is not being increased. The proposed changes would come in two phases. The first increase will be effective on August 1, 2015 and the second increase will be effective on August 1, 2016. Phasing in the rates will allow builders with contracts based on the existing fee structure to continue through the next building season without a fee increase. The current charges, as well as the proposed increase in charges beginning August 1, 2015 and August 1, 2016 are attached. Based on historical data, these proposed connection fee increases are expected to be sufficient to fund the portion of the well costs attributable to new capacity. NUA/Council discussions have indicated that the connection charge will be studied again after the 2016 increase and periodically thereafter to ensure the charge covers the costs for providing new service through new connections. Accordingly, Ordinance No. O-1415-18 also proposes to add the following language:

"City Council shall review the connection fees relative to their sufficiency to fund new capacity no later than November 1, 2016, and at least biennially thereafter, to determine the appropriateness of the fees in accordance with Oklahoma Statutes, Title 62, Section 895".

This section of the Oklahoma Statutes addresses municipal development fees and states that connection fees should be related to the cost of capital improvements necessary to increase or expand the functional service capacity of the applicable public infrastructure system. There is an additional procedural requirement in Section C.3.a of the statute that requires a public hearing before Planning Commission before the public hearing before Council on November 25th. Planning Commission has set up a special meeting for noon on November 25th to meet the letter of the law on this point.

Additionally, a Resolution will be on Council's Agenda on November 25, 2014 that sets out the basis for the increase in the connection fees as it relates to providing water service to new development. The Resolution provides that the future evaluation of the sufficiency of the connection fees will consider newer data that is anticipated to be available at that time related to well construction costs and the results of a study evaluating both the wastewater excise tax and water system related fees.

**RECOMMENDATION:** Ordinance O-1415-18 is presented to Council on First Reading for formal public notice of Council's intent to consider the ordinance at a future date. It is anticipated that Second and Final Reading will occur on November 25, 2014. Staff will be available for additional questions.