

A JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORMAN, OKLAHOMA AND THE TRUSTEES OF THE NORMAN UTILITIES AUTHORITY FINALIZING REVIEW OF CONNECTION FEES RELATIVE TO THEIR SUFFICIENCY TO FUND NEW CAPACITY IMPROVEMENTS TO BE CONSTRUCTED OVER THE NEXT TWO YEARS, DETERMINING THE APPROPRIATENESS OF SAID FEES IN ACCORDANCE WITH OKLAHOMA STATUTES, TITLE 62, SECTION 895, COMMITTING TO MONITORING ANTICIPATED CAPACITY IMPROVEMENTS ON AN ANNUAL BASIS DURING THE BUDGETING PROCESS, AND COMMITTING TO AN ADDITIONAL REVIEW OF CONNECTION FEES UNDER ORDINANCE 0-1415-18 NOT LATER THAN NOVEMBER 1, 2018.

- § 1. WHEREAS, the Norman Utilities Authority, having as its beneficiary the City of Norman (collectively, the “City”) has been working to meet the water and wastewater demands of its current customers as well as future customers water supplies; and
- §2. WHEREAS, the Wastewater Master Plan, adopted in November of 2001 sets out a plan to provide wastewater services to City customers through utilizing customer rate increases, an excise tax on new development, and a temporary sales tax; and
- §3. WHEREAS, in 2001 the voters approved a wastewater excise tax on new development, that similar to the wastewater connection charge, provides funding for growth-related wastewater infrastructure that charges a base tax of \$850 for new homes up to 1,200 square feet and an additional \$2 per square foot over that size, as well as similar excise taxes on non-residential construction; and
- § 4. WHEREAS, the 2060 Strategic Water Supply Plan, adopted in June and finalized in August of 2014 sets out a plan to provide water to City customers through utilizing the resources of Lake Thunderbird, purchases from Oklahoma City, increases tower storage capacity, use and rehabilitation of existing City water wells, and the construction of eight to ten additional wells to address both current and short-term future capacity needs; and
- § 5. WHEREAS, voters most recently approved a wastewater user rate increase on November 12, 2013; and
- § 6. WHEREAS, voters most recently approved a water user rate increase on January 13, 2015; and
- § 7. WHEREAS, the user rate increases were expected to result in collections sufficient to fund significant water and waste water system improvements needed to serve existing customers over a period of years; and

- § 8. WHEREAS, the City of Norman adopted Ordinance No. O-1415-18 on November 25, 2014 that raised the total connection fee for new three-quarter inch (3/4”) meter connections to the water and sewer system from \$850.00 to \$1,075.00 on August 1, 2015 and \$1,275.00 on August 1, 2016; and
- § 9. WHEREAS, the connection fees in Ordinance No. O-1415-18 were expected to result in collections sufficient to fund construction of new wells to provide capacity for new connections in accordance with 62 O.S. §895; and
- §10. WHEREAS, the City contracted with Raftelis Financial Consultants (“Raftelis”) to study the City’s projected capital improvement program (CIP) for a 10-year planning horizon through Fiscal year ending 2025, update the City’s water and wastewater connection charge schedules using industry standard methodologies, and developed a hypothetical long-term water and wastewater capital financing plan featuring a mix of connection charges, excise taxes, user revenues, and external debt financing; and
- §11. WHEREAS, the City received a report from Raftelis on May 10, 2016, that was presented to the City Council at that time by Raftelis, and then later discussed with eight Council members attending a Council Oversight Subcommittee on October 20, 2016; and
- §12. WHEREAS, Raftelis noted a projected \$232 million water related capital improvement plan through 2025 of which \$49.2 million (21%) were growth-related costs, and noted a projected \$75.7 million wastewater capital improvement plan through 2025 of which \$13.8 million (18%) were growth-related costs; and
- §13. WHEREAS, Raftelis recommended that costs of the improvements should be proportionally shared between new and existing customers and that user rates increases be considered in 2018, and that rate increases and connection fee increases move in tandem, as both are needed; and
- §14. WHEREAS, Raftelis recommended that the maximum legally allowable connection fee for water and wastewater, assuming all proposed capital improvements costs were expended through 2025, not exceed \$4,209; and
- §15. WHEREAS, Raftelis also compared connection charges of other municipalities and noted each governing body must weigh a variety of concerns and objectives in establishing the user rates and the connection fee charges resulting in a variety of approaches, with those in Oklahoma being limited by the maximum allowable connection fee charge under the relevant state statute; and
- § 16. WHEREAS, the initial phase of the proposed well construction in the 2060 Strategic Water Supply Plan including location, property acquisition, design, and permitting is currently scheduled for completion in 2017; and

- § 17. WHEREAS, bidding and construction of the additional wells recommended by the 2060 Strategic Water Supply Plan is currently scheduled for 2017 and 2018; and
- § 18. WHEREAS, the design and bidding of new wells in 2017-18 will provide the City with more recent data upon which to consider the adequacy of the connection fee; and
- § 19. WHEREAS, City Staff through the Utilities Director of the City of Norman, consistent with the FYE17 Adopted Capital Budget (pages 30-32, and 63-64), has stated to Council that sufficient user fees to fund nongrowth-related water and wastewater capital improvement costs and sufficient connection charges for growth-related water and wastewater capital improvement costs are projected to be available to fund those costs through fiscal year ending 2018.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA AND THE NORMAN UTILITIES AUTHORITY:

- § 20. That consistent with the Raftelis report, the FYE17 Adopted Capital Budget, and reports from City Staff that sufficient user rates to fund nongrowth-related water and wastewater capital improvement costs and sufficient connection charges for growth-related water and wastewater capital improvement costs are projected to be available to fund those costs through fiscal year ending 2018; and
- §21. That it is determined that user rates are sufficient and connection fees are sufficient and appropriate in accordance with Oklahoma Statutes, Title 62, Section 895, for water and wastewater capital projects currently planned through fiscal year ending 2018; and
- § 22. That the City commits to continue to monitor the sufficiency and appropriateness of both user rates and connection fees during the annual budget process and Council will again consider the same no later than November 1, 2018.

PASSED and ADOPTED THIS ____ DAY OF _____, 2016.

CITY OF NORMAN:

Mayor

ATTEST: _____
City Clerk

NORMAN UTILITIES AUTHORITY:

Chairperson

ATTEST: _____
Secretary