



DATE: July 17, 2013

TO: Honorable Trustees of the Norman Utilities Authority

FROM: Norman Citizen's Wastewater Oversight Committee
Judith Wilkins, Chair *J. Wilkins*

SUBJECT: Wastewater Rate Increase Proposal

office memorandum

At the July 16, 2013 Citizens' Wastewater Oversight Committee meeting the Committee received updated information on the proposed improvements to and expansion of the Norman Water Reclamation Facility ("WRF" or Wastewater Treatment Plant). The Committee is of the unanimous opinion that the City Council should proceed with calling an election for a rate increase to fund the WRF improvements.

The Committee discussed the potential future use of the Sewer Sales Tax fund and Sewer Excise Tax fund balances for financing these Wastewater Treatment Plant Phase 2A and Phase 2B projects. The Committee, based on the current stance and legal guidance, believes it is proper to use the remaining available Sewer Sales Tax revenues (approximately \$5.7 million) for these projects and recommends that the Norman Utility Authority/City Council use the remaining Sewer Sales Tax proceeds to fund these projects.

The Committee also believes it proper and recommends the use of approximately \$7.6 million of available fund balance in the Sewer New Development Excise Tax Fund to fund the same projects. This will leave an approximate \$3.4 million fund balance in the fund, which can be used toward cost overruns in the WRF Expansion or other Water Reclamation Utility projects to serve "future growth" customers, as defined in the relevant Ordinances.

The Committee also agrees with and recommends a wastewater rate increase proposal that both gives the City the confidence and ability to pay bond obligations by utilizing an increased sewer base rate, and which includes an increased commodity rate. The Committee also agrees and recommends that leaving the 80% winter usage average to calculate the sewer charge is fair to sewer ratepayers.

We look forward to reviewing these proposals and assisting the NUA/Council with the passage of the wastewater rate structure to finance these needed WRF improvements.