

CITY COUNCIL STUDY SESSION MINUTES

June 4, 2019

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in study session at 5:30 p.m. in the Municipal Building Conference Room on the 4th day of June, 2019, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray and the Norman Public Library at 225 North Webster 24 hours prior to the beginning of the meeting.

PRESENT:

Councilmembers Bierman, Castleberry,
Clark, Hickman, Holman, Scott, Wilson,
Mayor Miller

ABSENT:

Councilmember Carter

Mayor Miller said tonight's items will be moved out of order to discuss the less complex items first.

Item 3, being:

DISCUSSION REGARDING FINAL CLOSEOUT CHANGE ORDERS AND FINAL ACCEPTANCE OF THE CDBG-DR GRANT PROJECTS.

Mr. Tim Miles, Capital Projects Engineer, said the City of Norman and Cleveland County received damage to roads after the May 29, 2013, tornado, and multiple wildfires in August 2012. Most of the damages to the roads were caused by heavy equipment providing aid during the disaster recovery phases of the responses. The City of Norman and Cleveland County applied for federal funding and on January 26, 2015, the City was notified by the Oklahoma Department of Commerce (ODOC) that the City would receive \$12,054,090 to fully fund engineering, right-of-way, administration and construction for seven separate projects totaling approximately 11.5 miles in length. Cleveland County received \$10,774,160 for nine road repair projects currently being administered by the County.

On August 25, 2015, the City awarded Contract K-1516-44 with Atkins North America in the amount of \$690,400 for the design and administration of Community Development Block Grant Disaster Relief (CDBG-DR) Projects.

In November 2015, the City applied for a second round of CDBG-DR funds made available from the U.S. Department of Housing and Urban Development (HUD). On January 25, 2016, the City was notified it would receive an additional \$5,004,821 to fully fund engineering, administration, and construction for two more projects totaling approximately five miles in length. Between the two grants, the City received a total of \$17,058,911 to repair approximately 16.5 miles of road.

Mr. Miles said the final close out change orders justify the quantities for seven City projects. He said all projects are complete except projects four and seven because of the loss of \$2,587,375.65 in federal funding due to a HUD clerical error. He said as soon as funds are identified projects four and seven will be ready for construction.

Item 3, continued:

Items submitted for the record

1. Text File K-1516-145, Change Order No. Two, dated May 21, 2018, by Tim Miles, Capital Projects Engineer
2. Change Order No. Two to K-1516-45
3. Text File K-1516-146, Change Order No. Three, dated May 21, 2019, by Tim Miles, Capital Projects Engineer
4. Change Order No. Three to K-1516-146
5. Text File K-1718-40, Change Order No. Two, dated May 20, 2019, by Tim Miles, Capital Projects Engineer
6. Change Order No. One to K-1718-40
7. Text File K-1718-99, Change Order No. One, dated May 22, 2019, by Tim Miles, Capital Projects Engineer
8. Change Order No. One to K-1718-99
9. PowerPoint presentation entitled, "CDBG-DR Projects Final Change Orders," City Council Study Session dated June 4, 2019

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Item 4, being:

CHANGE ORDER NO. TWO TO CONTRACT K-1617-121: BY AND BETWEEN THE NORMAN UTILITIES AUTHORITY AND ENERFAB POWER AND INDUSTRIAL (FORMERLY FOLEY COMPANY) INCREASING THE CONTRACT AMOUNT BY \$317,569.30 FOR A REVISED CONTRACT AMOUNT OF \$30,515,462.26 AND ADDING 118 CALENDAR DAYS TO THE CONTRACT FOR THE WATER TREATMENT PLAN PHASE II IMPROVEMENTS.

Mr. Ken Komiske, Director of Utilities, said Phase I of the Water Treatment Plant (WTP) Improvements Project began in 2009, and the main project drivers included peak treatment capacity, rehabilitation and repair, residuals handling, regulatory changes, hazardous chemical replacement, and water quality improvement. On March 23, 2017, Foley Company (now known as Enerfab Power and Industrial) was selected for Phase II of the WTP improvements for a contract amount of \$29,990,165. The proposed improvements in Phase II include low lift pumping - \$2.6 million; ozone contactor with diffuser - \$2.1 million; biofiltration upgrade - \$2.7 million; UltraViolet (UV) System - \$3.5 million; chemical feed improvements - \$3.5 million; pump station rehabilitation - \$1.8 million; maintenance/storage building - \$0.5 million; and existing building/lighting rehabilitation - \$.08 million.

In January 2017, the Oklahoma Water Resources Board approved a \$31 million State Revolving Fund loan at 2.81% interest for 15 years. He said bids were opened on March 23, 2017, with the lowest bid from Foley Company in the amount of \$29,990,165 to begin construction on May 29, 2017, with an estimated completion date of August 24, 2019.

On June 5, 2018, Change Order No. One was approved to complete the design, provide construction administration, and provide full-time on-site construction observation services. Change Order No. Two in the amount of \$317,569.30 will provide for values added, design changes, changed conditions, and adds 118 calendar days to the contract.

Item 4, continued:

Mr. Komiske said Engineering Amendment No. 2 in the amount of \$320,866.98 is also needed for the extension of construction administrative services, extension of inspection services, design enhancements during construction, and punch-list development.

Councilmember Clark asked if there will be a ribbon-cutting ceremony upon completion of the project and Mr. Komiske said of course.

Items submitted for the record

1. Text File K-1617-121 dated May 28, 2019, by Chris Mattingly, Capital Projects Engineer
2. Change Order No. Two to Contract K-1617-121
3. PowerPoint presentation entitled, "Norman Utilities Authority Water Treatment Plan Phase II Improvements, Change Order No. Two," dated June 4, 2019

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Item 1, being:

UPDATE ON CLEVELAND COUNTY AREA RAPID TRANSIT (CART) PUBLIC TRANSIT PROGRAM.

Mr. Shawn O'Leary, Director of Public Works, said the Cleveland Area Rapid Transit (CART) System is operated by the University of Oklahoma (OU) and funded by a Federal Transportation Administration (FTA) grant, OU, City of Norman, State of Oklahoma, and Norman Regional Hospital. On August 28, 2018, OU notified the City of its desire to transfer the non-campus bus system to the City of Norman by the end of the 2019 fiscal year. She said City Council approved its annual funding share for CART on October 23, 2018, and CART is managing operations within budget for the current fiscal year. CART will keep and operate four student population routes.

Mr. O'Leary said the goal is to transfer the City portion of bus service to another operator by the end of FYE 2019 (July 1, 2019). He said the City can transfer federally funded assets to other eligible FTA recipients (City, Embark, third-party provider) and the transfer can be done in coordination with FTA and the plan must be approved by the FTA. He said the City wants to ensure there are no gaps in service during this transition period.

Mr. O'Leary said the transfer of a bus service has never been done so this is very unique for Norman. He highlighted the steps for a bus system transfer of operations that include 1) Notice of intent (NOI) to transfer service transmitted from the current operator to the FTA; 2) FTA responds to NOI; 3) new recipient or operator asks to be designated as a direct recipient; 4) new recipient is formally approved as an eligible recipient of FTA grant funding; and 5) transfer of project assets from CART to new grant recipient.

Item 1, continued:

Mr. O'Leary said the Governor has the power to designate the City as a direct recipient of FTA funding for transit operations; however, the Governor has delegated this responsibility to the Oklahoma Department of Transportation (ODOT) except for Norman where OU has been the designated recipient. He said the Governor's letter changing the designation to City of Norman supersedes ODOT's internal administrative rules and Section 730:45-1-2 of the Oklahoma Administrative Code will be amended by ODOT to change the administrative rule.

Mr. O'Leary said the FTA will formally authorize the City of Norman to become the grant administrator and there is a huge legal capacity to that so the Legal Department has been working on that portion, but there is also a technical capacity that includes identifying capital equipment that would be transferred from OU for bus service (28 buses, all bus stops, and shelters); identifying additional capital needs to maintain services in accordance with FTA regulations (buildings, Transfer Station, Fueling Facility); and determining appropriate provider of service, such as Embark. He said the financial capacity includes identifying available funding for capital and operational needs a new provider.

Mr. O'Leary highlighted financial capacity transit revenues as follows:

	<u>Current</u>	<u>Anticipated</u>
• Federal Transit Administration Grant	\$1,700,000	\$2,000,000
• OU Student Transit Fee	\$1,680,000	\$.00
• City of Norman (FYE 19)	\$ 635,500	\$1,135,500
• State of Oklahoma	\$ 150,000	\$ 150,000
• Fare Box (including game day shuttle)	\$ 250,000	\$ 150,000
• Bus Advertising	\$ 100,000	\$ 100,000
• Norman Regional Hospital	\$ 50,000	\$ 50,000

CART's annual revenue is currently \$4,565,500 and the City's anticipated revenue is \$3,585,500. He said \$500,000 was added to the FYE 20 budget as a placeholder in addition to the \$635,500, which totals \$1.135 million in City contributions in order to keep the process moving forward.

Councilmember Bierman asked if the State typically contributes \$150,000 to transit systems throughout Oklahoma and Mr. Kris Glenn, Director of CART, said the State uses a formula based on population and ridership and \$150,000 has been the amount received for several years. He said that funding will go to the City of Norman once the transition takes place. Councilmember Bierman asked if the City is sure the funding will continue at that level even if ridership numbers decrease due to OU operating student routes and Mr. O'Leary said the State is actually ODOT who has been a great partner during this process and they have stated the same level of funding will continue.

Mr. O'Leary said Staff recently learned that Norman's federal funding increased to \$2,000,000 for FYE 20; however, he does not know the reason for the increase at his time. He said OU is keeping student routes and student fees so there will be a revenue gap.

Councilmember Clark asked if the City will bring Saturday Service back and Mr. O'Leary said that is Council's decision to make. Councilmember Clark asked if the City's contribution would cover adding that service and Mr. O'Leary said the current plan is to operate the system exactly the way it is today. He said after the transition, if Council wants to review changes in service then Staff would negotiate that with Embark.

Item 1, continued:

Councilmember Clark said she is very interested in bringing back Saturday service because people depend on the bus system. She said while Norman's service has been reduced to Monday through Friday, Oklahoma City is adding Sunday service so Norman is going the wrong direction for a walkable, bikeable transportation community. She would like to see the costs for reinstating Saturday service.

Mr. Glenn said cutting Saturday service has saved CART approximately \$175,000. He said Councilmember Clark is absolutely right about an optimal transit system, but there have been zero complaints since CART eliminated Saturday service. He said this reduction in service helped CART balance its budget without making a huge impact to riders.

Councilmember Bierman said, in her opinion, public transit is not intended to make money and is federally subsidized because it is a necessary public service. She does not know if the City can find the revenue to reinstate Saturday service immediately, but having the cost is a good start and it needs to happen in the near future because she has received complaints about the lack of Saturday service.

Councilmember Holman said the City should begin by maintaining existing service and making sure that is going smoothly then the City can begin looking at the cost of adding Saturday service or adding a new route to the eastside. He said there have been numerous requests for service in northeast and southeast Norman for years so if Saturday service is truly not impactful, Council may consider adding or changing existing routes.

Councilmember Clark asked how long it would take to review routes and Mr. O'Leary said Embark is an outstanding world class operator and operate daily in Oklahoma City so once the system is running smoothly then that type of review could be done fairly quickly. He said changes or additions to service will be driven by the budget. Councilmember Clark said community input will help determine what the City should budget based on need and Mr. O'Leary said because federal funds are involved, any change or reduction in routes will require an elaborate public input process.

Councilmember Castleberry said all City operations are meant to provide a service not make money. He said there is currently no bus route to Moore-Norman Technology Center and a majority of their students are high school students who do not have a driver's license or adults attending night classes so he would like to know the feasibility of adding that route. Mr. O'Leary said CART developed and adopted a long-range plan incorporated into the City's Comprehensive Transportation Plan (CTP) and Moore-Norman Technology Center is a proposed route in that long-range plan.

Mr. O'Leary said CART provided costs per route, ridership numbers, etc., for the month of April 2019, which gives Council a sense of costs moving forward. He said it costs \$258,590 per month to operate the bus system for a total of \$1.3 million annually.

Mr. O'Leary said Staff is waiting for the FTA's final approval and they have expressed a strong preference to finalize transfer of assets and service by July 1, 2019, because federal funds are difficult to split mid-fiscal year. He said if the City would like to contract with a private entity the City needs to have a Request for Proposal (RFP) process; however, if the City would like to contract with another public entity then that can be done without an RFP process.

Item 1, continued:

Councilmember Castleberry said there may be an opportunity for future County funding because Embark is part of the Regional Transit Authority (RTA) and they may be able to serve Moore, Norman, and Oklahoma City so this seems to be a step in the right direction for a regional transportation system.

Mr. O'Leary said the plan is to lease space at the current CART Administrative Facility where Staff, buses, maintenance bays, etc., are housed. He said CART has a bus fueling station with unleaded gasoline, diesel, and Compressed Natural Gas (CNG) and many of the buses use CNG. He said FTA is requiring OU pay back federal funds if they continue to own the facility even though the City is leasing the facility. Councilmember Clark asked what that pay back amount will be and Mr. Glenn said 46% of the current appraised value of the administrative building, which appraised for \$4.8 million so OU will have to pay back approximately \$2.3 million for their shared portion of the building. Councilmember Wilson asked if the City could purchase the building and Mr. Glenn said OU sees value in retaining possession of the building to continue their student transit operations from that location.

Councilmember Bierman asked if the City will own the bus stops on the non-campus routes and Mr. O'Leary said yes. Councilmember Bierman said she would like to have covered bus stops on all eastside bus stops. Mr. O'Leary said bus shelters are constructed by Tyler Advertising in exchange for the right to place advertisement at those bus shelters so the City would need to negotiate with them. Mayor Miller asked if the City maintains the bus shelters and Mr. O'Leary said yes.

Mr. O'Leary highlighted proposed assets OU wants to keep as follows:

- Administrative Building
- Service Garage
- 18 of the 45 vehicles in the fleet
 - Two trolleys
 - Thirteen buses (including all of the 40-foot long busses)
 - One van
 - One pickup
 - One sedan
- 4 out of 15 Fixed Routes in the System
 - Route 32 (Apartment Loop)
 - Route 40 (Lloyd Noble Shuttle)
 - Route 42/43 (Research Route)
 - Route 52 (Campus Loop)

Concerned citizens raised concerns about bus passes and whether or not Embark would honor those as well as honoring prequalified disabled riders. Mr. O'Leary said the City is working through these types of details with OU and Embark. Mayor Miller assured the public that Council, CART, and Embark are aware of these issues and are trying to address them. Mr. O'Leary said there are 800 prequalified members of CARTAccess and Staff is working with the two agencies to transfer those members. He said the transition period will be a little challenging as all the issues may not be worked out by the transition deadline.

Item 1, continued:

Mr. O'Leary highlighted the ridership impact and said total ridership for FYE 2019 to date is 1,003,085 passengers with projected OU ridership of 71.9% (721,218 passengers per year) and OU is taking that with them. He said 51.7% of that ridership is on Route 40 the Lloyd Noble Loop (Route 32 - 8.5%, Route 42/43 - 9.5% ridership and Route 52 - 2.2% ridership). The proposed ridership for the City is 28.1% (281,867 per year) and under OU's proposal, the City Transit System will transport approximately one-quarter of the current non-student users.

Mr. O'Leary said proposed next steps include completing contract negotiations with Embark to take over the current bus route service, including CARTaccess, for a three to five year period and transferring assets from OU once FTA has designated the City as eligible for the funding. He said Staff is negotiating the transfer of assets from OU as well as leasing the CART facility that includes \$16.20 per square foot per month for lease of office space and \$2,700 per square foot per month for lease of the service bay. He said one additional City Staff member may be needed to administer the FTA grant because it will be a complex process. He said Council will appoint a committee in August or September to begin working with Embark on desired route changes and improvements ahead of the FYE 21 budget process.

Councilmember Scott asked how many jobs will be reduced by OU and when will Embark open the application process for positions. Mr. O'Leary said he believes current drivers that are highly qualified and certified will certainly be highly considered by Embark. Mr. Glenn said he was unsure of exactly how many CART employees will be affected by the transition, but OU will retain some employees and the remainder will have the opportunity to apply with Embark. He said he might have specific numbers by next month that he can share with Council, but CART is not prepared to discuss Human Resource issues at this meeting.

Items submitted for the record

1. Memorandum dated May 28, 2019, from Shawn O'Leary, Public Works Department, and Kristina Bell, Assistant City Attorney
2. Letter dated May 21, 2019, from Kevin Stitt, Governor, to Robert C. Patrick, Regional Administrator for Federal Transit Administration
3. PowerPoint presentation entitled, "Transfer of Bus Service Update," City Council Study Session dated May 28, 2019

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Item 2, being:

FOLLOW-UP DISCUSSION REGARDING THE FYE 2020 CITY OF NORMAN BUDGET AND CAPITAL BUDGET.

Mr. Anthony Francisco, Director of Finance, said consideration of the budget will be June 11, 2019, and asked if Council has any amendments or questions at this time.

Item 2, continued:

Mayor Miller said two things she would like to discuss is the Sustainability Coordinator and the two mechanic positions in the Public Safety Sales Tax (PSST) Fund. She said the Sustainability Coordinator is still in the budget, but there is a proposed amendment to remove that position and she would like to leave the Sustainability Coordinator in the budget. She said there has been a lot of discussion recently regarding energy saving steps the City could implement and it would be helpful to have a Sustainability Coordinator and Councilmembers concurred.

Mr. O'Leary said 60 vehicles have been added to the City's fleet for fire and police, which requires mechanics that specialize in emergency vehicle maintenance and repair. He said the two mechanic positions are important in order to keep state of the art emergency vehicles operating properly. Mayor Miller asked if Council wanted to add the two mechanics to the budget and Councilmember said yes.

Mayor Miller said if Council has any more changes to the budget to please let Staff know prior to June 11th.

Items submitted for the record

1. PowerPoint presentation entitled, "City of Norman Fiscal Year 2019-2020 Budget – Enterprise Funds," dated May 14, 2019

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Item 5, being:

ADJOURNMENT

The meeting adjourned at 7:10 p.m.

ATTEST:

City Clerk

Mayor