

CITY OF NORMAN

Fiscal Year Ending 2021 Budget


MAY 5, 2020

Enterprise Funds





Fiscal Year 2020-2021 Summarized Budget Calendar

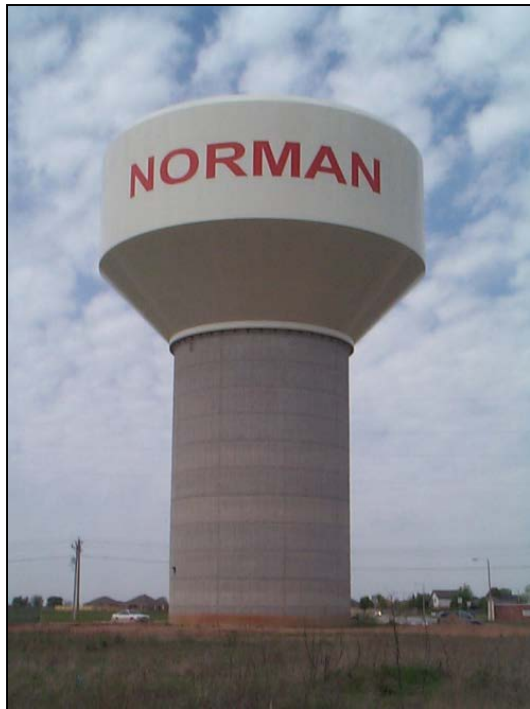
- Council Finance Committee Budget Discussions
 - Council Capital Budget Study Session (11/19/2019)
 - Council Capital Budget Study Session (2/18/2020)
 - Finance Committee Mid-Year Budget Review (2/20/2020)
 - Council Budget Study Session – General & Special Revenue Funds (4/7/2020)
 - Public Budget Hearing (4/14/2020)
 - Council Budget Study Session – Capital Funds (4/21/2020)
 - **Council Budget Study Session – Enterprise Funds (5/5/2020)**
 - Public Budget Hearing (5/26/2020)
 - Council Budget Study Session – Optional Follow-Up (6/2/2020)
 - Council Considers Budget For Adoption (6/9/2020)
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ENTERPRISE FUNDS

Operated in a manner similar to private business enterprises, where the intent of the City is that the costs of providing goods or services to the general public is financed or recovered primarily through user charges.

- **WATER**
 - **SANITATION**
 - **WATER RECLAMATION**
 - **SEWER MAINTENANCE**
 - **NEW DEVELOPMENT EXCISE TAX**
- 



WATER FUND



Water Production

Over 4.3 billion gallons annually



Water production runs

- 24 hours per day
- 365 days per year

Water Line Maintenance

Maintain over 606 miles of water pipe
with diameters of 6 to 48 inches


Maintain almost 6,100 Fire Hydrants



- Repair an average of over 180 water line breaks each year
- Replace about 8,000 feet of old, deteriorated or undersized water mains each year
- Repaired/Maintained over 1,000 fire hydrants each year
- Maintain over 40,000 water meters

Water Rate History



- 1999: Inverted block rate adopted to encourage conservation. Progressive rate structure charges higher rates to highest water users. Higher tiers affect 25% of residential customers.
 - March 2006: water rate increase approved
 - August 2010: water rate increase vote failed
 - January 2015: water rates increased to current levels to fund WTP Improvements and obtain 2 MGD of additional groundwater supply
 - FYE21: Water rate increase needed to fund upcoming projects
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Current Residential Rate Structure

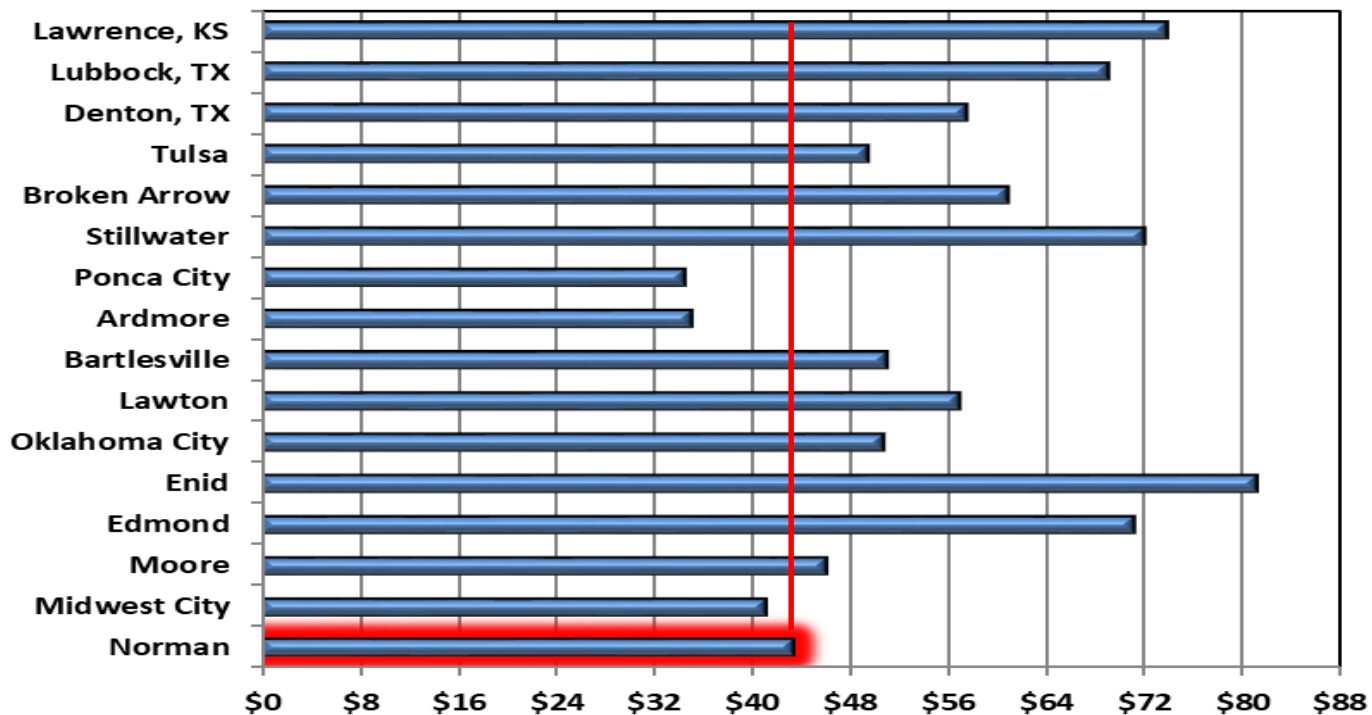
Gallons	Rates (per 1 k gal.)
Base Fee	\$6.00
0 – 5,000	\$3.35
5,001 – 15,000	\$4.10
15,001 – 20,000	\$5.20
Over 20,000	\$6.80

Summer Surcharge during July and August
\$0.35/1,000 gallons for usage over 20,000 gallons /month

Mandatory odd /even day watering rotation system



Residential Water Monthly Charge for 10,000 gallons



Water Fund


Major Revenue Assumption

- User fee revenues are estimated at a growth rate of 1.9% per year for projected customer growth.
- Effective August 1, 2016, water connection charges were increased for all meter sizes and are as follows:
 - $\frac{3}{4}$ " meter \$1,000
 - 1" meter \$1,667
 - 2" meter \$6,667
- Proposed water rate increase not shown in budget
 - Vote in Jan 2021 ; first reading in Oct 2020




Water Fund

Expenditure Assumptions

- Interim water purchase contract with Oklahoma City = \$1,238,330 budgeted
1 MGD (take or pay) at \$2.33/1,000 gal in 2020, 5% increase in 2020, etc.
 - COMCD = \$1,148,314 COMCD started replacement of Del City raw water line.
Norman share is 43%
 - \$148,936 included in FYE 21 budget for Capital Equipment replacement purchases and other equipment (Water Treatment and Water Line Maintenance)
 - FYE 20 Ending Fund Balance estimated to be \$10,023,902 (construction timing); balance in FYE 22 negative \$28,199,123
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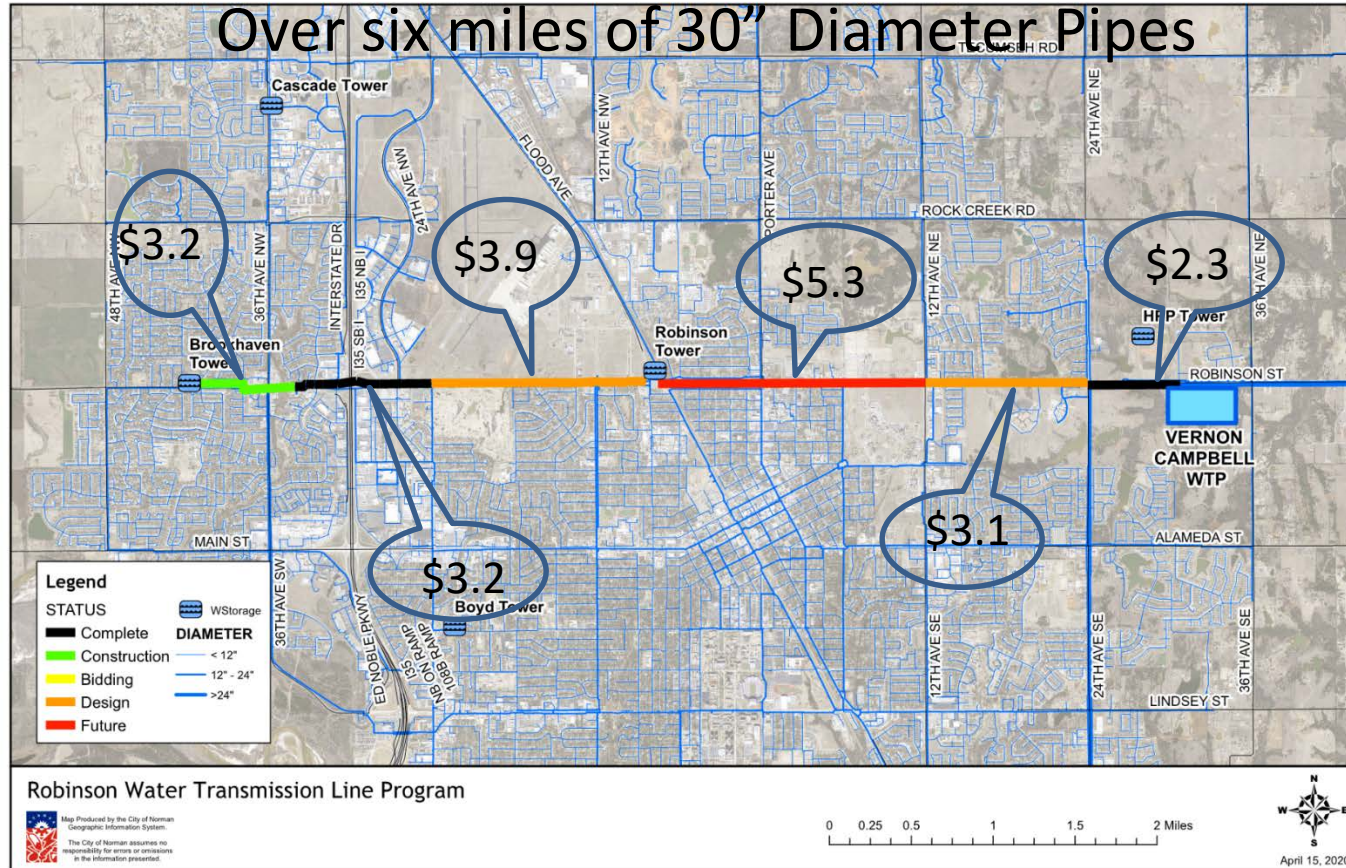


Water Projects

- Major projects from FYE 20 to be complete in FYE 21
 - Phase II Water Treatment Plant Improvements (start in June 2017) including UV disinfection, ozone treatment, new chemical building & equipment storage; total project with engineering is \$35.6M to be complete in early summer 2020
 - FYE15 Water Wells/Supply Lines, \$10.7 million through FYE 21
 - Backwash Tower Rehabilitation \$280K
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Robinson Street Water Line Replacement


Over six miles of 30" Diameter Pipes





Water Projects


Major projects from FYE 19 to be complete in FYE 20

- Robinson WL, Phase II (Brookhaven Creek to Water Tower) \$3.2M
 - Robinson WL, Phase IV (24th NE to WTP) \$2.3M
 - Segment D 24-inch Waterline Phase 5 (Timberdell: Chautauqua to Jenkins & Jenkins: Timberdell to Constitution), \$4.5M
 - Parsons Waterline (west of Campus) \$860K
- 

Water Projects




Major New Water Projects for FYE 20/21

- WL Replacement, Flood-Robinson to Venture, \$3.5M
 - James Garner Extension WL Replacement, Library to Robinson, \$930K
 - New Building for Line Maintenance, \$1.6M from Water Fund, equal amount from Water Reclamation Fund
 - Porter WL Replacement, \$550K (Combination w/ Public Works)
 - Jenkins WL Replacement, \$700K (Combination w/ Public Works)
 - Urban WL Replacements and Fire Hydrant/Valve Upgrades
Completed by Line Maintenance Crews: \$300 to \$400K Annually
 - Southlake Addition WL Replacement, \$1.2M
- 

Water Projects




Major New Water Projects for FYE 21 +

- Wellfield Blending \$2.2M (additional \$14.4 in FYE22)
Solution for DEQ chlorination requirement
 - Initiate AMI \$360K (additional \$14M in FYE22)
 - Corrosion Control Study \$75K (Lead/Copper Rule)
 - Cyber Security \$175K (AWIA)
 - Water Tower Coating \$1.1M (Cascade and Boyd)
- 

Water Projects



- **Future Water Projects (Subject to Funding)**
 - Hall Park WL Replacements \$440K in FYE21 (delayed from FYE20)
 - Flood Avenue WL (Gray to Robinson) \$1.9M , FYE 21 to FYE 22
 - Annual Water Line Replacement Program, \$2.9M annually FYE 22 (delayed from FYE21)
 - SE Norman Water Tower \$3.5 M to begin in FYE 23 (delayed from FYE22)
 - Robinson 30" WL (24th NE to Flood) \$5.3 million, FYE 23
 - Alameda 24" WL (24th NE to Carter) \$3.5M begin in FYE 24 (delayed from FYE23)
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Source of Water for Increasing Demand

Lake Thunderbird "Augmentation"




SANITATION FUND



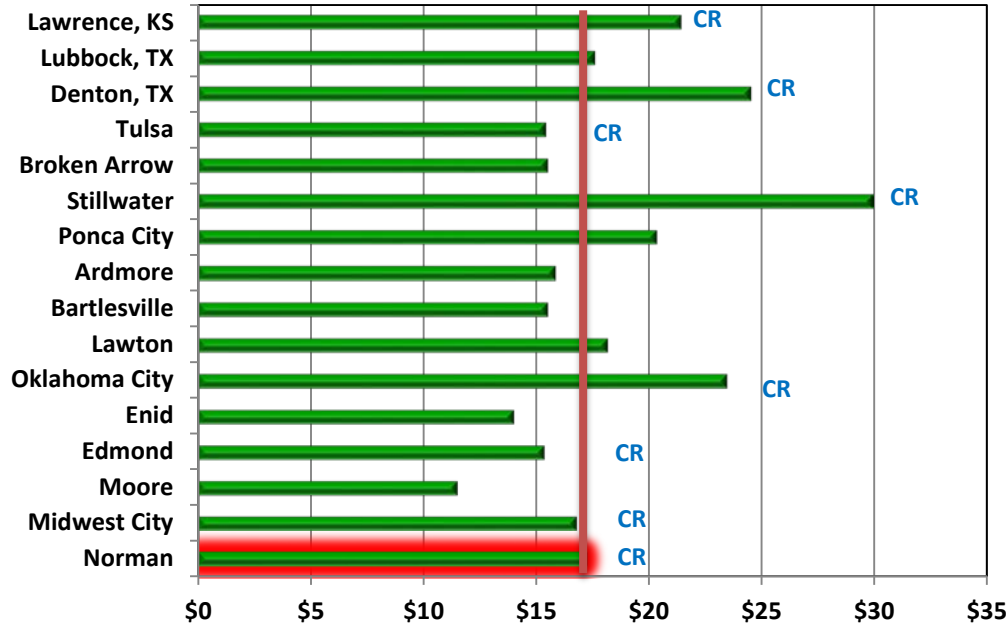


Sanitation Fund

- Residential and Commercial collection; >100,000 tons per year
 - Three recycling drop off centers; >1,400 tons/year
 - Yard Waste and compost facility; 29,000 tons/year
 - Curbside recycling started in 2008; Republic Services current contractor; >90% participation rate; > 5,000 tons/year
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Sanitation Rates

Residential Sanitation
Monthly charge



CR = Curbside recycling fee included


Services included in the
City of Norman Sanitation
monthly charge:

- Spring/Fall Clean-up Days
- 1 x week collection
- 1 x week Yardwaste collection
- Free brush Drop-Off
- 3 Recycling Drop-Off Centers
- Free Compost (as available)
- Residential Curbside Recycling



Sanitation Fund


Major Revenue Assumptions

- Sanitation rate increased in April 2011 to \$17.20 per unit per month which includes \$3 per month curbside recycling charge and \$0.20 for the Oklahoma Solid Waste Management Charge
 - Additional Poly Cart is \$7 per month
 - Revenues have been estimated at a growth rate of 1.7% per year
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Sanitation Fund

Major Expenditures

- \$2,117,984 included in FYE 21 budget for fleet related replacement purchases
 - Landfill tipping expenses remains the same. Annual expense around \$2 M.
 - Recycling Contractor expense budgeted at \$1.5 M. (3.3% increase).
 - FYE 21 Ending Fund Balance is \$7,900,159
 - FYE20 Budget – \$1.5 M pay off bond five years early (2010, \$3.59M bond to build transfer station at 3.45%)
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Sanitation Fund

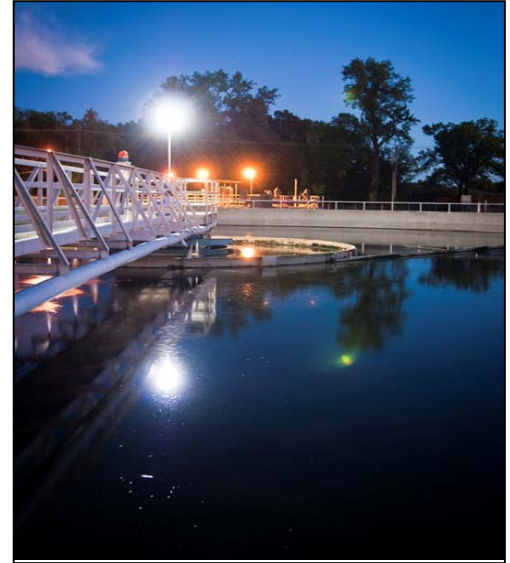
Major projects from FYE 20 to be complete in FYE 21

- Household Hazardous Waste Facility (Material Recovery Facility) \$1 M
- Container Maintenance Facility, \$860K
- Purchase Adjacent property to Compost Facility \$350K
- Compost Facility Scale House \$160K

Major Projects to start in FYE21

- New Sanitation Facility, \$1.78M.
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WATER RECLAMATION FUND



Water Reclamation Facility

Plant Performance



Average Flow 10.4 MGD



CBOD 2.0 mg/L – 98% Removal



TSS 5.5mg/L – 98% Removal



Ammonia 0.6 mg/L – 97% Removal



Fecal Coliform 61MPN/100 mls –
Permit 1000



Water Reclamation Facility OPDES Renewal Permit


Parameters	Existing	New		
	Year round	Winter	Spring	Summer
CBOD	25	25	13	8
TSS	30	30	30	10
Ammonia	4.1	4.1	4.1	1.6
Fecal Coli	200			
E. Coli.		630	126	126
DO	5	5	5	6.5

Primary Body Contact, Recreational



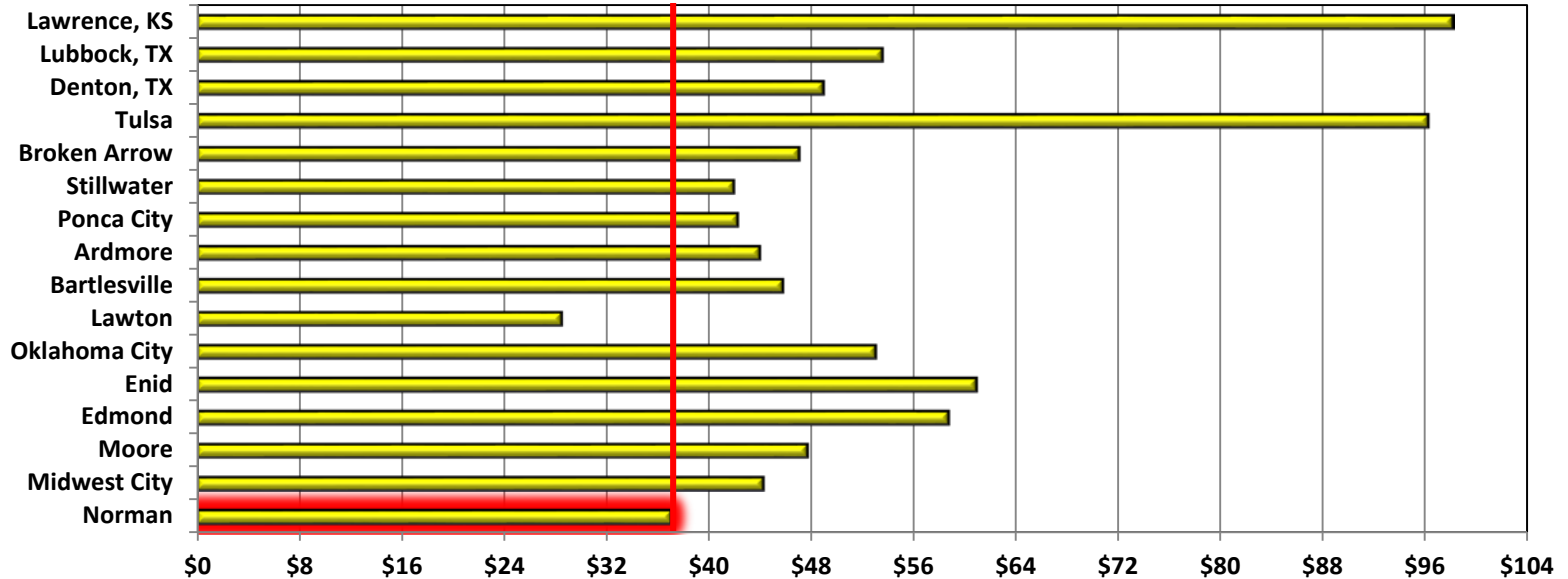


Sewer Line Maintenance

- Maintain over 520 miles of sewer lines
 - Maintain almost 12,000 manholes
 - Clean over 1.4 million feet of sewer lines each year
 - Inspect and record over 250,000 feet of sewer lines
 - Over the last 20 years reduced Sanitary Sewer Overflows by 90%
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Water Reclamation Rates


Residential Water Reclamation
Monthly charge for 10,000 gallons






Water Reclamation Fund

Major Revenue Assumptions

- Residential wastewater service rates were raised in November of 2013. Current rates are \$5 base + \$2.70 per 1,000 gallons of treated wastewater.
 - User fee revenues for FYE 21 are budgeted at a projected 1.9% increase from FYE 20 Estimate.
 - Ending fund balance projected FYE 20 \$3.08 M; FYE 21 \$.3M
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Water Reclamation Fund Expenditure Assumptions

- Major Projects for FYE 20 carried into FYE21
 - Reuse pilot study \$1.8M
 - Line Maintenance Building, \$1.6M (shared with Water Fund)
 - Adjacent Land purchase, \$340K
 - Storage Building \$720K
 - Major Projects for FYE 21
 - Reuse pilot study, \$1.4M
 - Centrifuge Replacement \$2.5M
 - Main Control Building Renovation with Laboratory \$350K of \$3.5M total project
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SEWER MAINTENANCE FUND



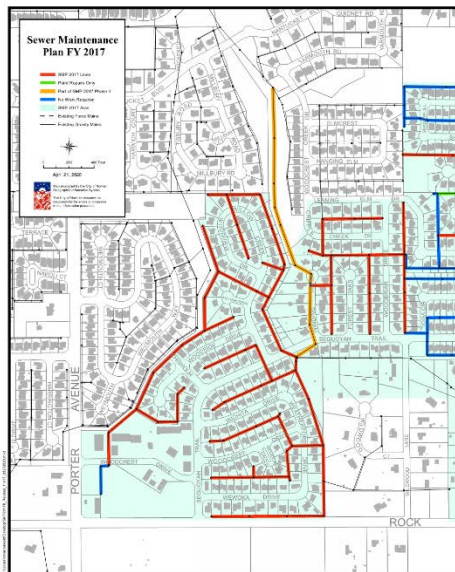
All revenue is from a \$5 per month sewer maintenance rate approved in 2001 and the \$.50 per month Capital Improvement Charge

- All Sewer Maintenance Rate projects must be on a pay-as-you-go basis
- Since 2001, over 433,000 feet of sewer line have been rehabilitated
- Reduced SSO by over 90%

Sewer Maintenance Fund

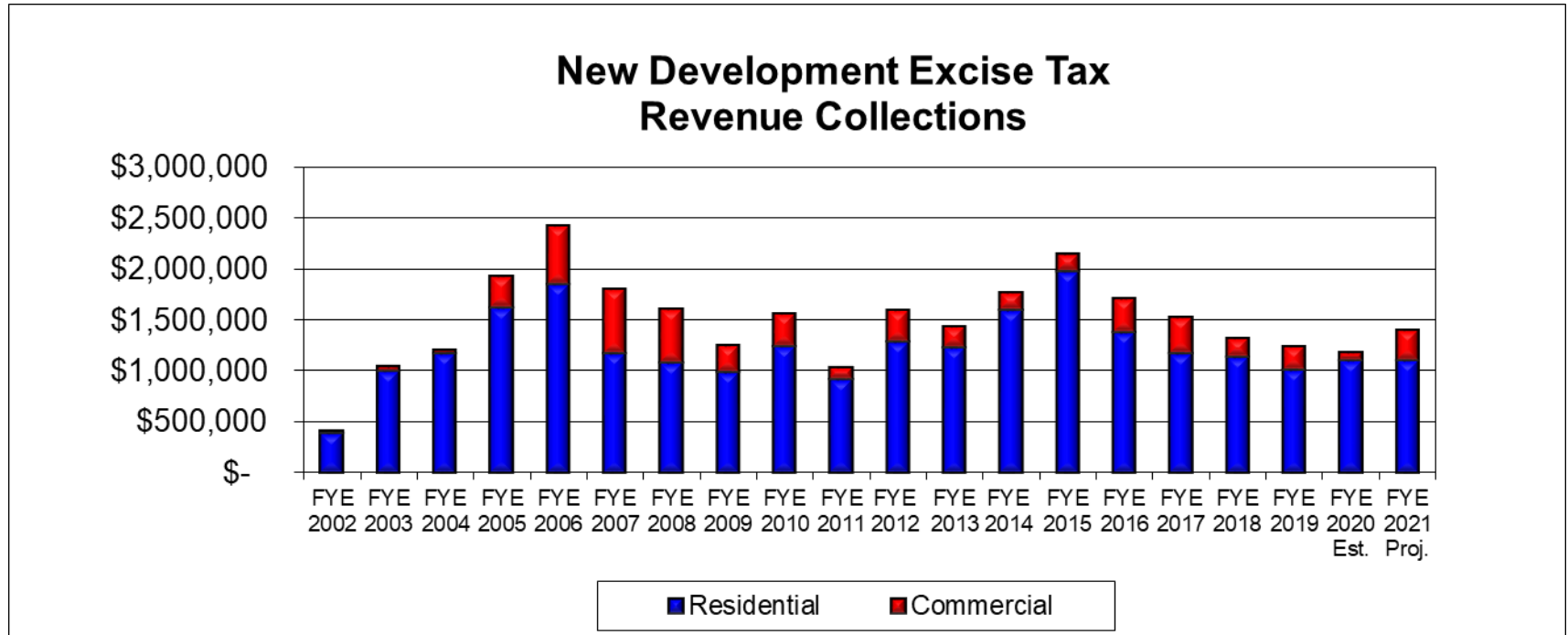
Major projects in FYE 20 and FYE21

- Bishop Interceptor Replacement \$2.6M (with \$0.9M Sewer Development Fund)
- Brookhaven Creek Interceptor \$.5M (
- SMP 17 \$2.3M
- SMP 18 \$4.0M




NEW DEVELOPMENT EXCISE TAX FUND

Revenue is from new construction building permits based on wastewater generated.



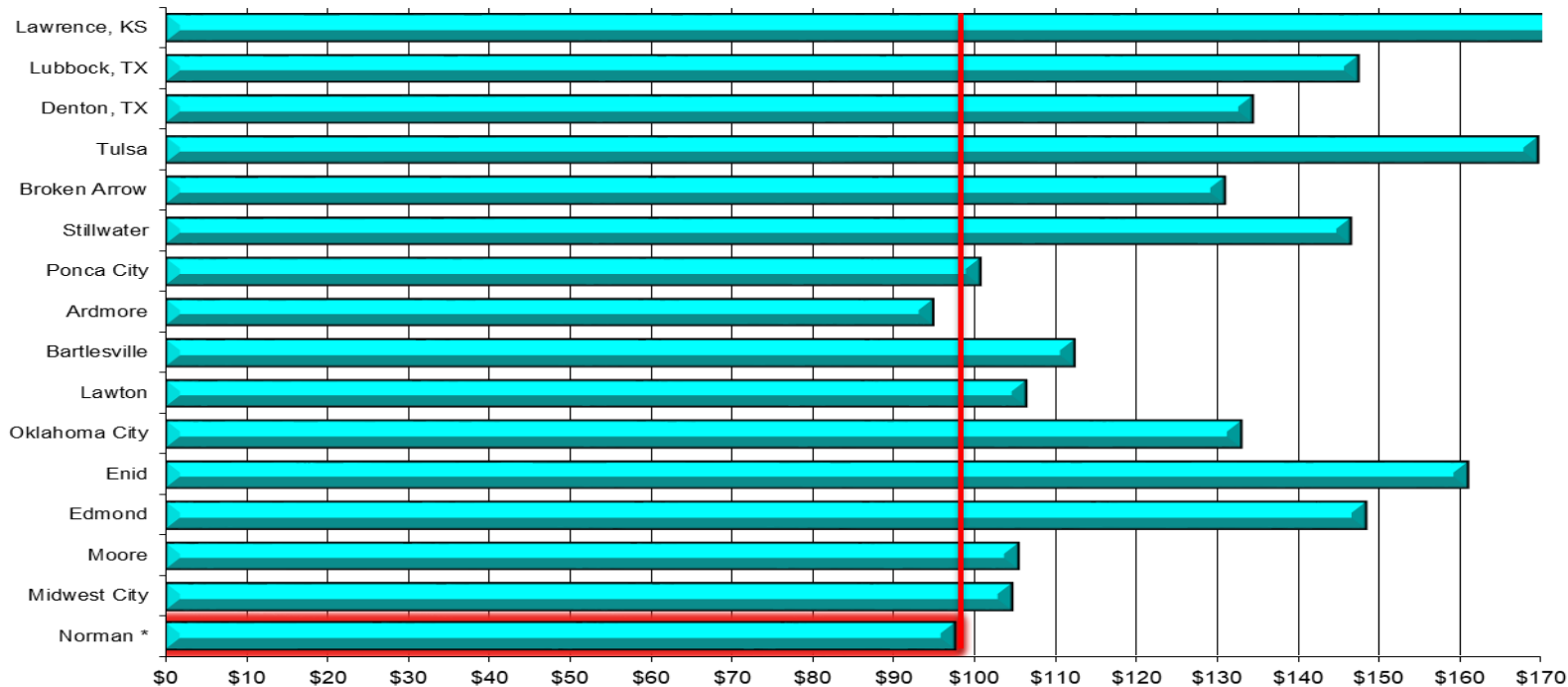


NEW DEVELOPMENT EXCISE TAX FUND

- FYE 20 revenues of \$1.18M (\$1.1M from residential projects, \$0.85M from commercial projects)
 - Projects:
 - Summit Valley Interceptor: \$207K (with \$360K from Water Reclamation Fund)
 - Bishop Interceptor Replacement Project \$940K (with \$2.6M Sewer Maintenance Fund)
 - Brookhaven Creek Interceptor: \$500K (with \$500K Sewer Maintenance)
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Total Utility Rates

Total Monthly Residential Utility Bills
(assuming 10k gallon water usage and 5/8" or 3/4" meter, includes Stormwater fees)



DISCUSSION

