



CITY OF NORMAN, OK CITY COUNCIL STUDY SESSION

Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069

Tuesday, February 07, 2023 at 5:30 PM

AGENDA

It is the policy of the City of Norman that no person or groups of persons shall on the grounds of race, color, religion, ancestry, national origin, age, place of birth, sex, sexual orientation, gender identity or expression, familial status, marital status, including marriage to a person of the same sex, disability, retaliation, or genetic information, be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in employment activities or in all programs, services, or activities administered by the City, its recipients, sub-recipients, and contractors. In the event of any comments, complaints, modifications, accommodations, alternative formats, and auxiliary aids and services regarding accessibility or inclusion, please contact the ADA Technician at 405-366-5424, Relay Service: 711. To better serve you, five (5) business days' advance notice is preferred.

CALL TO ORDER

AGENDA ITEMS

1. PRESENTATION FROM THE XENIA INSTITUTE REGARDING THE COMMUNITY DIALOGUE ON CIVILITY.
2. PRESENTATION FROM RAFTELIS REGARDING COST OF SERVICES STUDY FOR UTILITY RATES.

ADJOURNMENT

REPORT ON DIALOGUES HOSTED BY THE XENIA INSTITUTE FOR SOCIAL JUSTICE

The Xenia Institute for Social Justice (Xenia), established in 2009, is a non-profit, all volunteer organization that offers citizens of Norman the chance to come together around potentially contentious issues to talk and listen to one another more effectively while creating bridges of understanding. The Xenia Institute's core value is "*transformation through dialogue*." Examples of previous dialogue topics are community policing, bullying in our schools, high-density development, and refugee/immigration.

The Xenia board is concerned about how divided Norman has become and how uncivilly citizens often speak to and about each other. During two planning sessions with the Center for Public Life, a model for civil discourse was developed: to invite participants to respond to six questions within small groups. The purpose of the model is not only to allow participants to hear others' concerns and differences but to discover shared values thereby striving to engage with one another in a respectful and honest manner.

Six questions were formulated to help discern the current state of the city of Norman. The questions follow:

- When you attend a civic meeting or gathering and meet someone new, how do you introduce yourself and your connection to the community?
- What do you value most about Norman?
- Some have said recently, "this is not the Norman I know" and "people are using labels to put people into categories." How is the Norman you live in today similar or different from the Norman you have known? How do you feel about that? What do you perceive to be the lines that tend to divide Norman? Are there other changes in Norman that impact how the city is divided?
- What concerns you most about our community?
- What ideas do you have for trying to bridge the differences that exist?
- How can we learn to express ideas and make comments without belittling or negating others?

Approximately thirty-five people participated in four sessions. The participants included a mix of men and women of varying ages and ethnic backgrounds; some retired while others still working; some long-time residents of Norman and some who have lived in Norman for much shorter periods of time; and all with varying connections to the community. The desired future outcome from the discussion in each of the sessions was virtually the same: the re-creation of Norman as a diverse city with a kindred spirit providing multiple opportunities for personal and civic growth. The discussions can be divided into four major topics: values, concerns, substantive issues, and potential ways forward for the united future of Norman.

VALUES

The item that participants valued the most about Norman is its people, i.e., their friendliness; diversity; and philanthropic and generous spirits. The primary adjectives used to describe the people of Norman were kind and caring. The second value is the opportunities available in the community - opportunities to engage in multiple organizations and events, particularly diverse and cultural, as volunteers, participants, or attendees. As far as the City of Norman itself, the participants value the focus on education with the University of Oklahoma as the centerpiece; the small town feeling but with an

acceptance of growth; and the locally owned businesses that are believed to bring strength to the community. Two adjectives describing values important to participants were continually phrased in the past tense – progressive and transformative. That a progressive/transformative attitude is believed to be declining within Norman appears to be a basis for the concerns that were identified in each of the discussions.

CONCERNS

One concern expressed during the discussions were divisiveness and lack of civility by and between city officials as well as a minority of people who are a part of the public at large. The underlying cause for such concerns appears to be fear. One participant's rationale for the growth of fearfulness is that differences regarding social and political issues have always existed but have been suppressed. For example, stories of Oklahoma's treatment of people of color were not told - Norman being a sundown town, the Tulsa Race Riot, and segregated public places in our state. These unspoken truths falsely created a sense of peace and stability in the past but may now enhance a sense of fear. With the decline of newspapers, the sense of community and trust has been diminished. Conversely, divisive issues and lack of civility are now coming to the surface on the social media platforms.

In one session, fearfulness was discussed in more depth. In short, divisiveness is driven by fear. Anger feeds fear and fear feeds anger. The overwhelming presence of social media, its spreading of non-truths, and the lack of filters for hateful thoughts and defamation exceedingly increase volatility and contribute to ignorance which breeds fear.

Among the other fears expressed by participants were the inability to provide for and protect their families; losing the comfortable way of life to which they are accustomed; and becoming vulnerable or a target of antagonism for speaking up.

While a small minority of participants seemed unwilling to acknowledge that problems exist within Norman, the overarching view of most participants was that the Norman of the past has disappeared. The specific concerns can be categorized as follows:

1. Encouragement to take sides, thereby deliberately creating divisiveness.
 - Spirit of community responsibility is missing.
 - Willingness to work for common goals has been lost.
 - Norman is less homogeneous creating unhealthy competition.
 - Citizens are forced to choose a side or retreat into a corner.
 - What may be considered non-political issues become political issues and create power struggles, that is, most substantive issues or plans become a fight.
 - Unity within Norman is crippled by the East/West divide.
2. Use of hurtful labeling, such as "those people", which is magnified by social media.
 - Increased vulnerability.
 - Refusal to agree to disagree.
 - Inability to listen.

- Creation of dislike for others with differing views and opinions while remaining faceless/nameless on social media.
 - Inability to escape anger.
 - Lack of tolerance for differences in opinions.
 - As diversity grows, willingness to listen to new ideas is non-existent.
3. Development of “tribalism” – people live in pods by congregating to like-minded people or groups creating an “us” versus “them” mentality.
 4. Loss of confidence/trust in government at all levels.
 - Government has become regressive and divisive in some situations.
 - Moderate thinkers and/or those willing to listen to all sides of an issue are unwilling to put their names on a ballot and nothing gets done for the good of all.

SUBSTANTIVE ISSUES

The participants unanimously identified two substantive issues facing Norman: homelessness and the lack of adequate mental healthcare, particularly for the youth. Participants agreed that resources and public awareness are critically lacking in connection with both problems. Other issues that were identified included: economic divisions among the Norman population; lack of knowledge of the limited resources dedicated to sustaining the environment; the workforce shortage; decreasing affordability of living in Norman; and the concentration of citizens living in poverty in particular areas, which may lead to an increase in crime.

POTENTIAL WAYS FORWARD

- Learn to listen/civility training.
- The silent majority stands up and speaks out.
- Connect with youth to establish and work toward goals that will affect their future.
- Encourage moderate thinkers to get involved.
- Embrace new ways of thinking to develop new ideas.
- Seek rehabilitation and not retribution.
- Utilize peer mediation.
- Host public forums regarding a single or related topics and encourage beneficial discussion among those with differing opinions.
- Encourage citizens to go where they don't feel comfortable to have meaningful conversation.
- Work together toward common goals.
- Build coalitions to build trust.
- Become community supporters for the marginalized in the community.

CONCLUSION

The participants agreed that transformation is a slow process and that it is more important to focus on progress rather than perfection. Finally, and perhaps most importantly, we must listen to understand and not to reply.

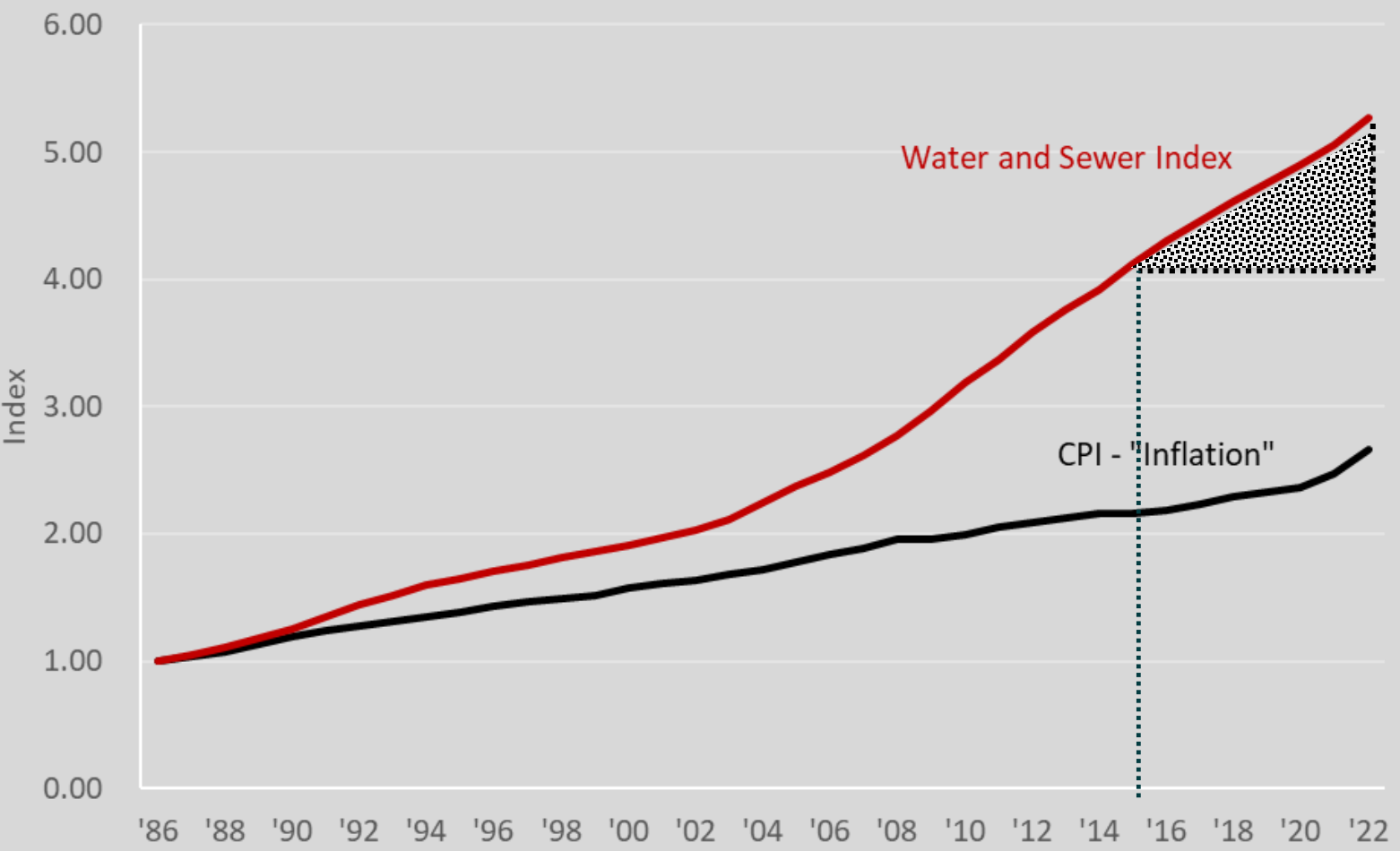
City of Norman

2022 Water and Wastewater Cost of Service Study

February 7, 2023




Water and wastewater costs continue to increase Nationwide




Last Rate Increase

2015

**Water and Sewer Index
2015 – 2022**

 **28%**

2023 Proposed Rate Increase

 **28%**

**3.5% Annually
2016 - 2022**

Rate study process

Item 2.

December 20, 2022

Council Workshop

1

Financial Plan



How much money do we need?

2

Cost of Service



Is everyone paying their fair share?

3

Rate Design



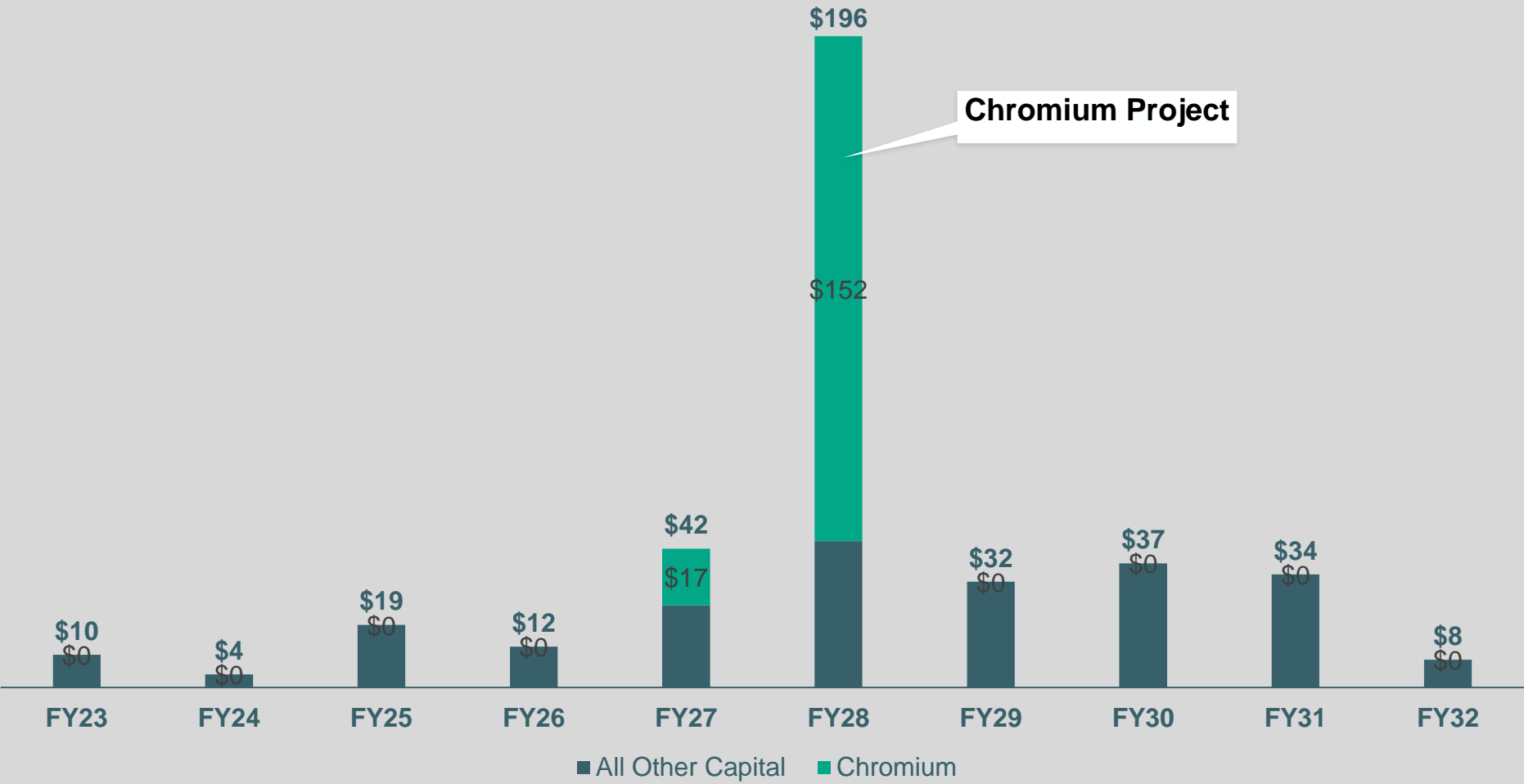
How can our rates help ensure fairness?

Water Utility



10-year water capital improvement program

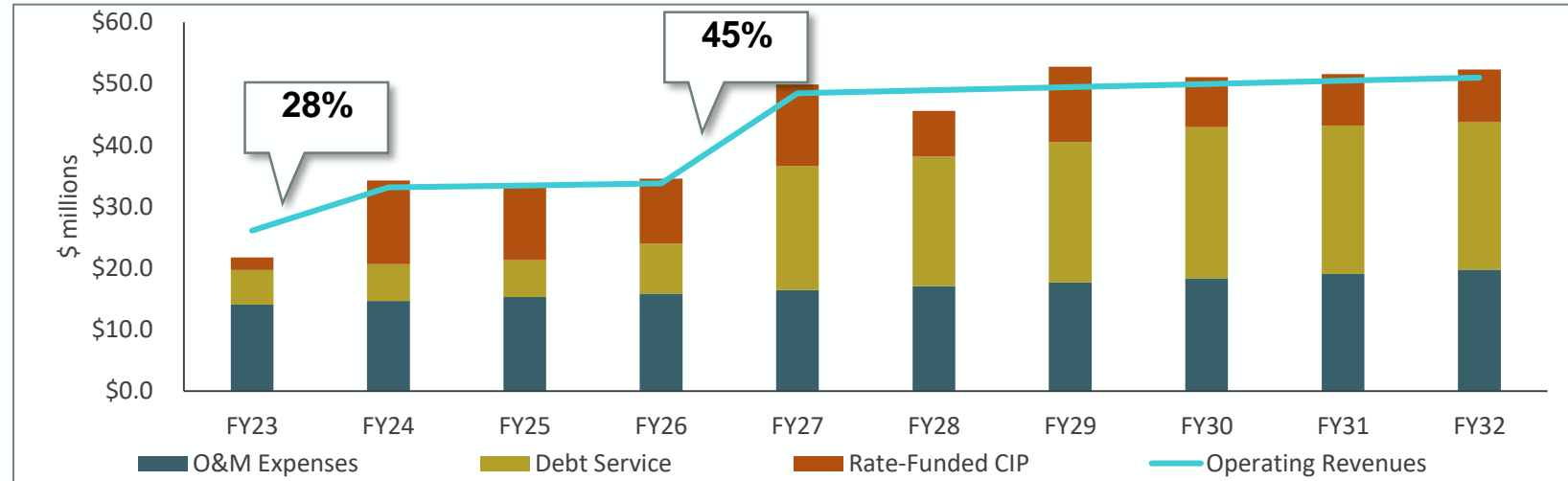
\$394.5 million



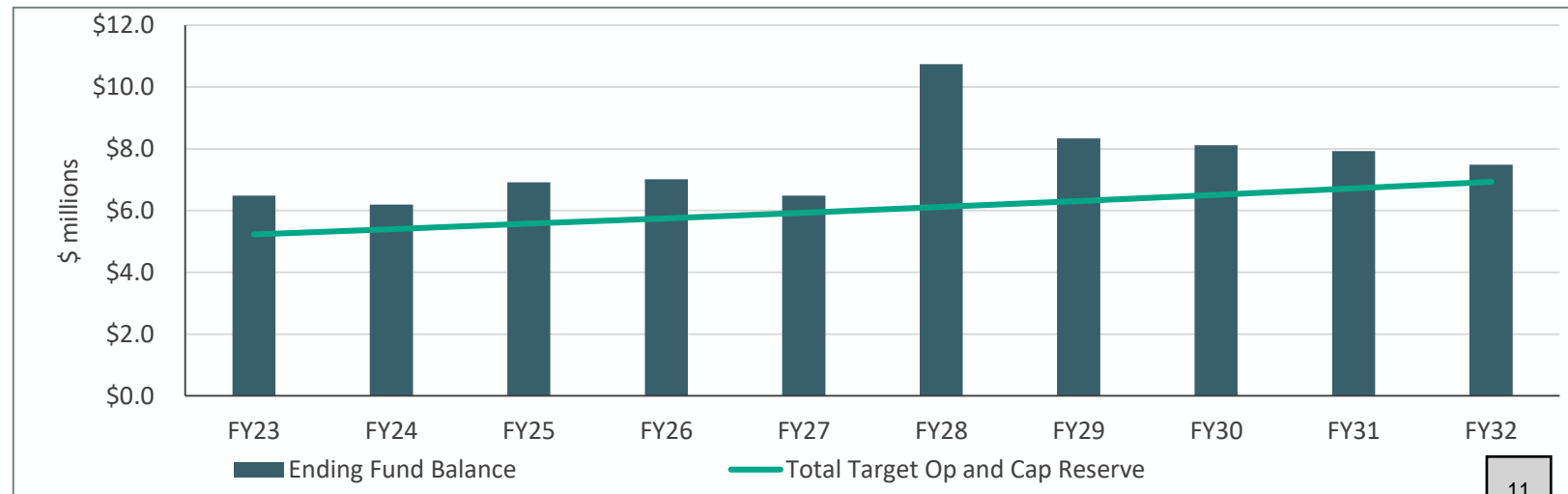
Water utility cash flow target state

Item 2.

Revenues and Expenditures



Fund Balance and Target Reserves



Cost of Service





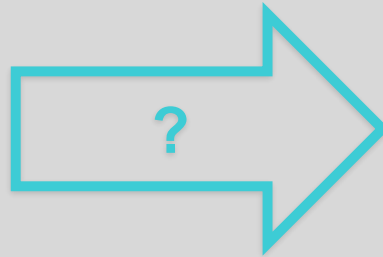
Step 2: Cost of Service Analysis

Item 2.

Is everyone paying their proportionate share?



Revenue
Requirement



Residential



Commercial



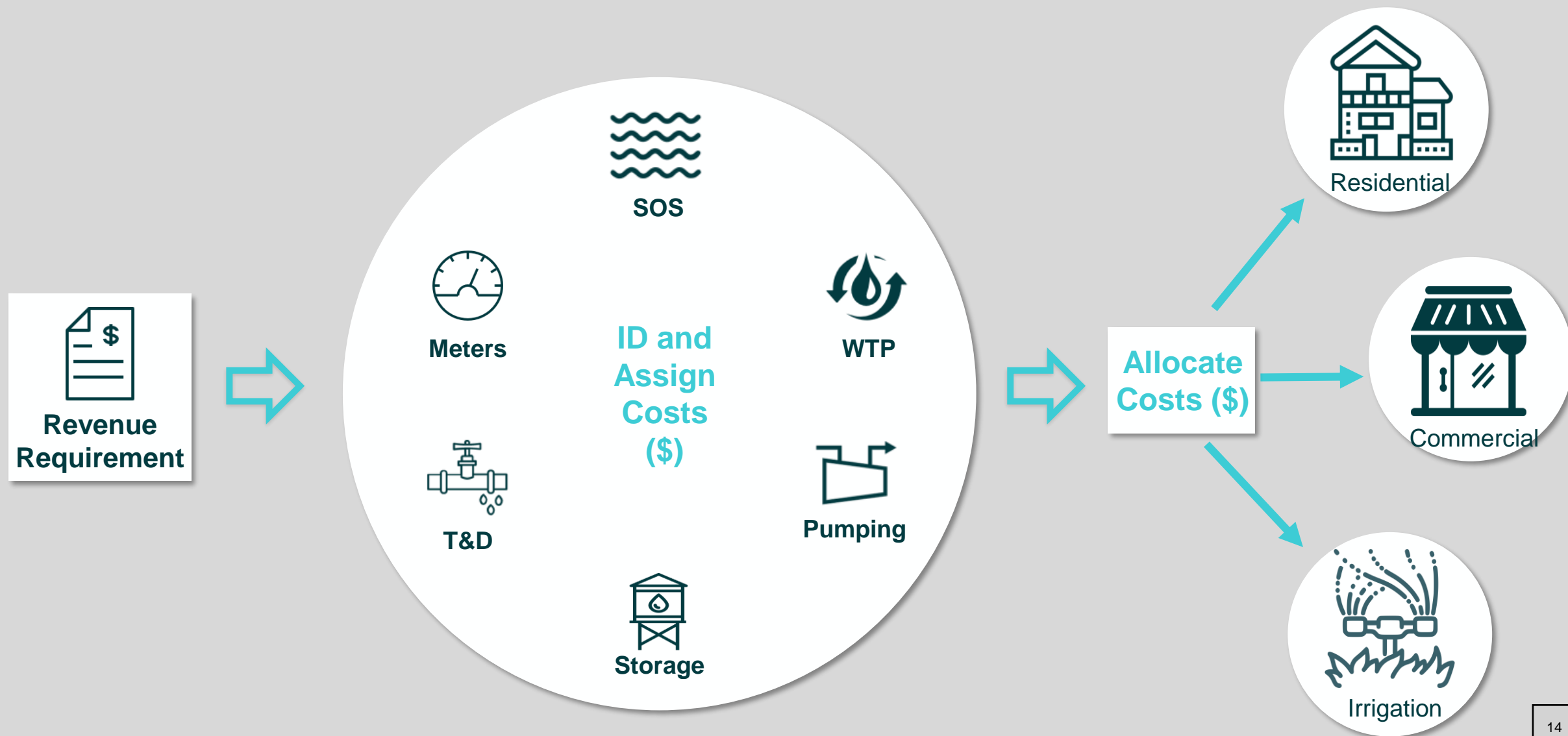
Irrigation



Step 2: Cost of Service Analysis

Item 2.

Assign operating and capital costs to customers based on their specific demand requirements



Water Rate Design



Step 3: Incorporating community values in rate design

Pricing objectives



Revenue stability



Cost recovery between classes



Cost recovery within a class



Cost recovery between existing and new customers



Efficient water use pricing signal



Demand management



Essential use pricing



Citizen vote approval



Customer impact



Ease of administration/implementation

Water rate alternatives

Item 2.

Alternative 1: Across the Board

- Recover costs by class
- Maintain existing residential and commercial structure

Alternative 2: Fixed Charge Recovery

- Higher base fee to improve revenue stability
- Residential: Adjust tier 3 and tier 4 pricing to encourage wise water use
- Commercial: Adjusted tier 2 pricing to encourage wise water use

Current and proposed rate alternatives

Residential

Description		Current Rates	Alt 1 Across the Board	Alt. 2 Fixed Charge Recovery
RESIDENTIAL				
Base Fee,\$ per Bill		\$6.00	\$7.70	\$10.90
CIC, \$ per Bill		1.50	1.50	1.50
Volume Rates, \$ per 1,000 gallons				
Tier 1	0 - 5 Kgal	\$3.35	\$4.27	\$3.46
Tier 2	5 - 15 Kgal	4.10	5.23	4.50
Tier 3	5 - 20 Kgal	5.20	6.63	6.75
Tier 4	> 20 Kgal	6.80	8.67	9.51

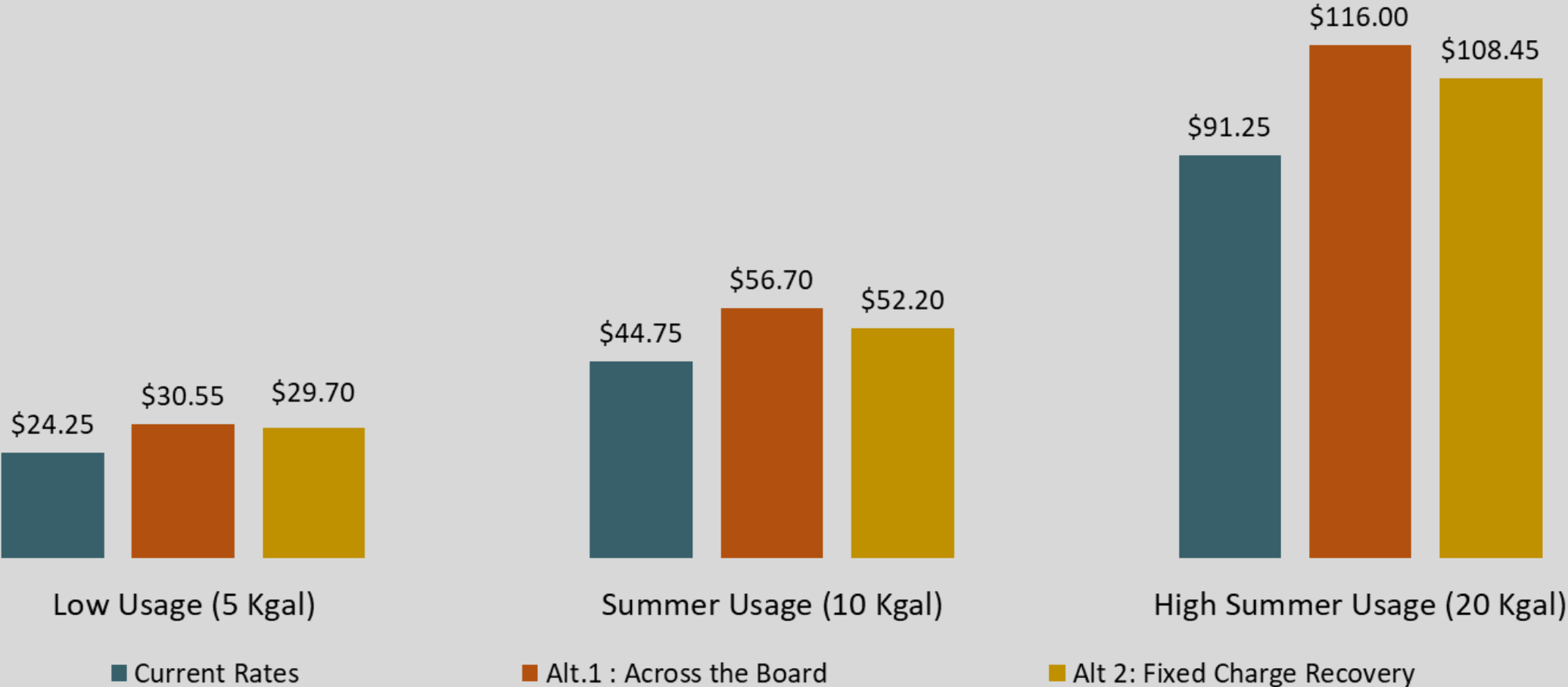
Current and proposed rate alternatives

Commercial and irrigation

Description		Current Rates	Alt 1 Across the Board	Alt. 2 Fixed Charge Recovery
COMMERCIAL				
Base Fee,\$ per Bill		\$6.00	\$7.70	\$10.90
Volume Rates, \$ per 1,000 gallons				
Tier 1	0 - AWC	\$3.80	\$5.62	\$5.15
Tier 2	> AWC	4.20	6.21	7.72
IRRIGATION				
Base Fee, \$ per Bill		\$6.00	\$7.70	\$10.90
CIC, \$ per Bill		1.50	1.50	1.50
Volume Rates, \$ per 1,000 gallons				
Tier 1	0 - 5 Kgal	\$3.35	\$4.27	\$3.46
Tier 2	5 - 15 Kgal	4.10	5.23	\$4.50
Tier 3	5 - 20 Kgal	5.20	6.63	\$6.75
Tier 4	> 20 Kgal	6.80	8.67	\$9.51

Residential monthly water bill comparison

Various levels of consumption



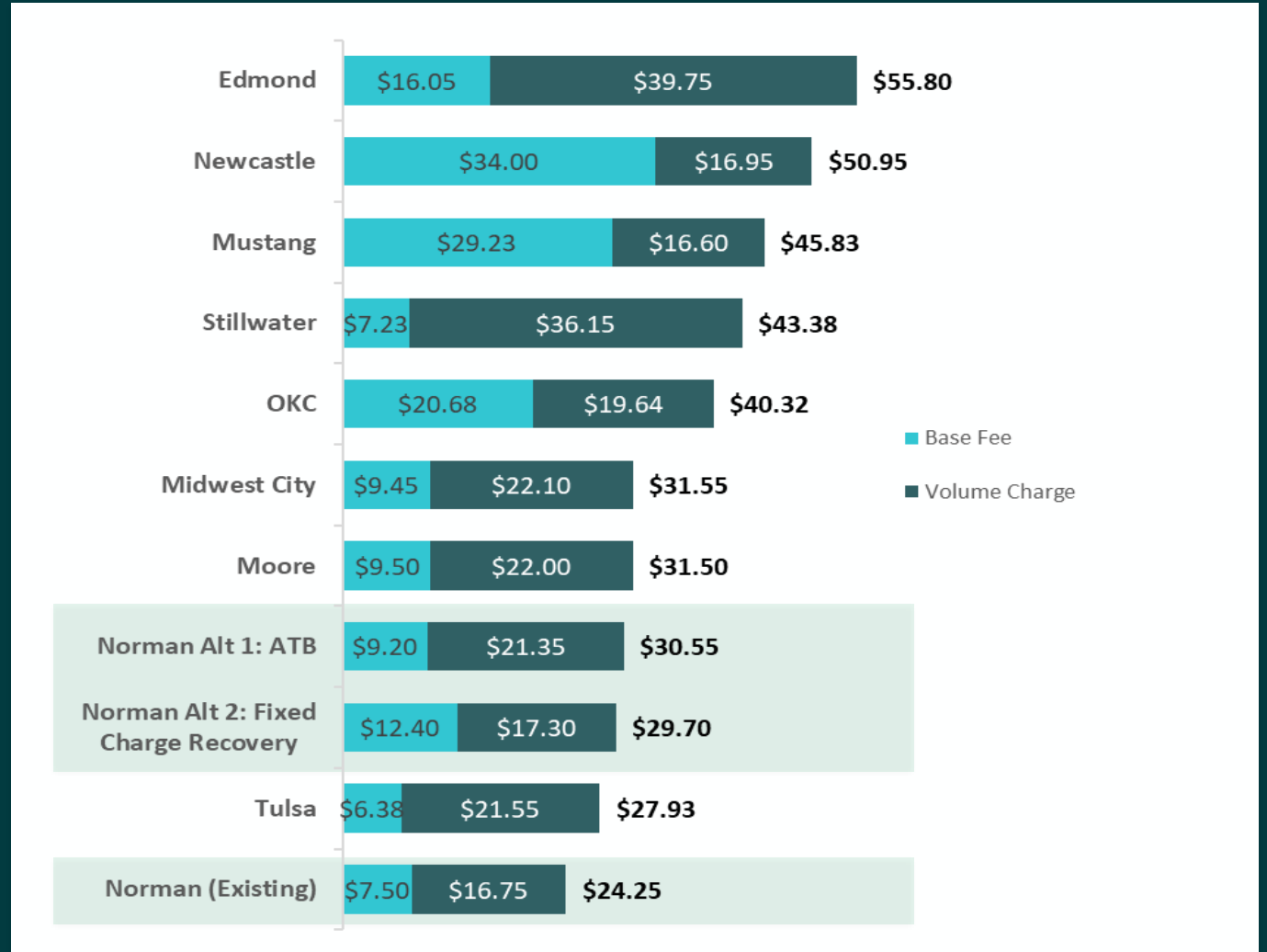
Peer utility residential typical bill survey

Item 2.

Residential Customer

3/4" Meter

5,000 gallons



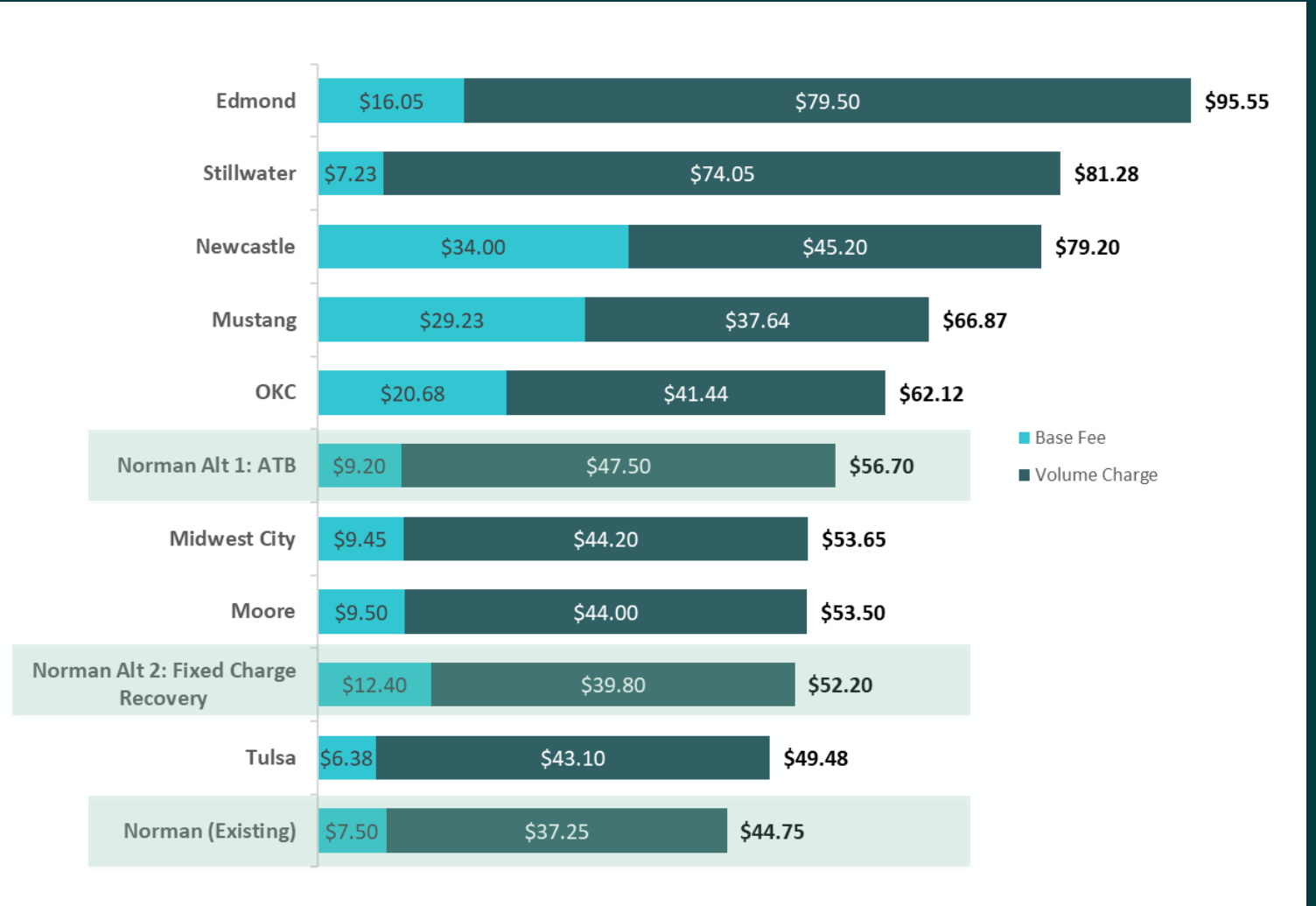
Peer utility residential typical bill survey

Item 2.

Residential Customer

3/4" Meter

10,000 gallons



Wastewater Utility



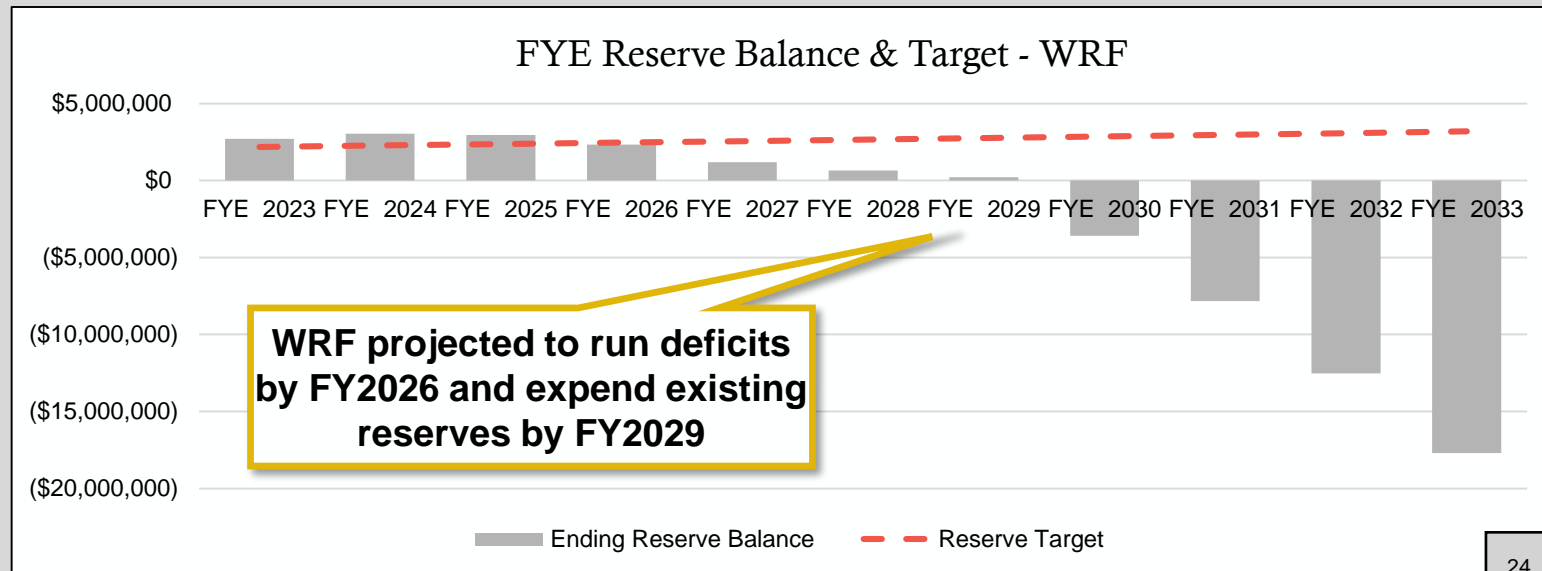
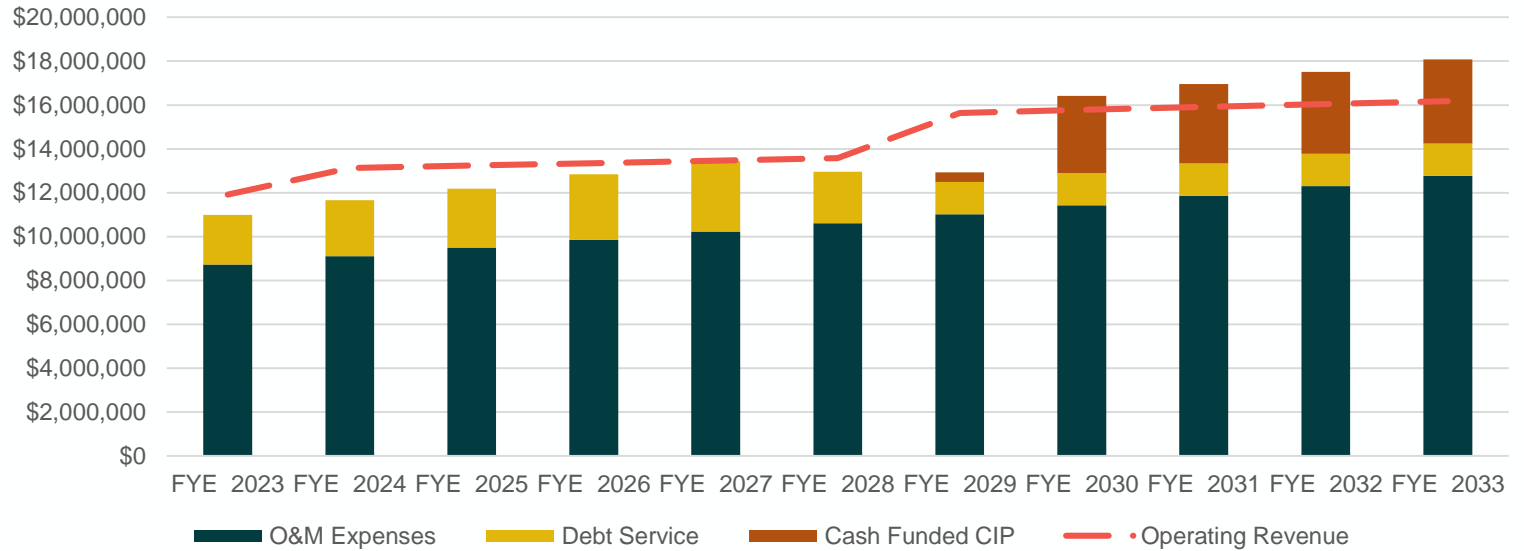
Wastewater Current Trajectory

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Financial Plan includes:

- Fully Fund Operations and Maintenance
- Cover existing Debt Service
- Transition to Debt-financed Capital (non-growth) through FY28
 - *To account for existing debt maturity over next 5 years*
 - *(\$19.8M over 5 years - escalated)*
- Performance shows current rates

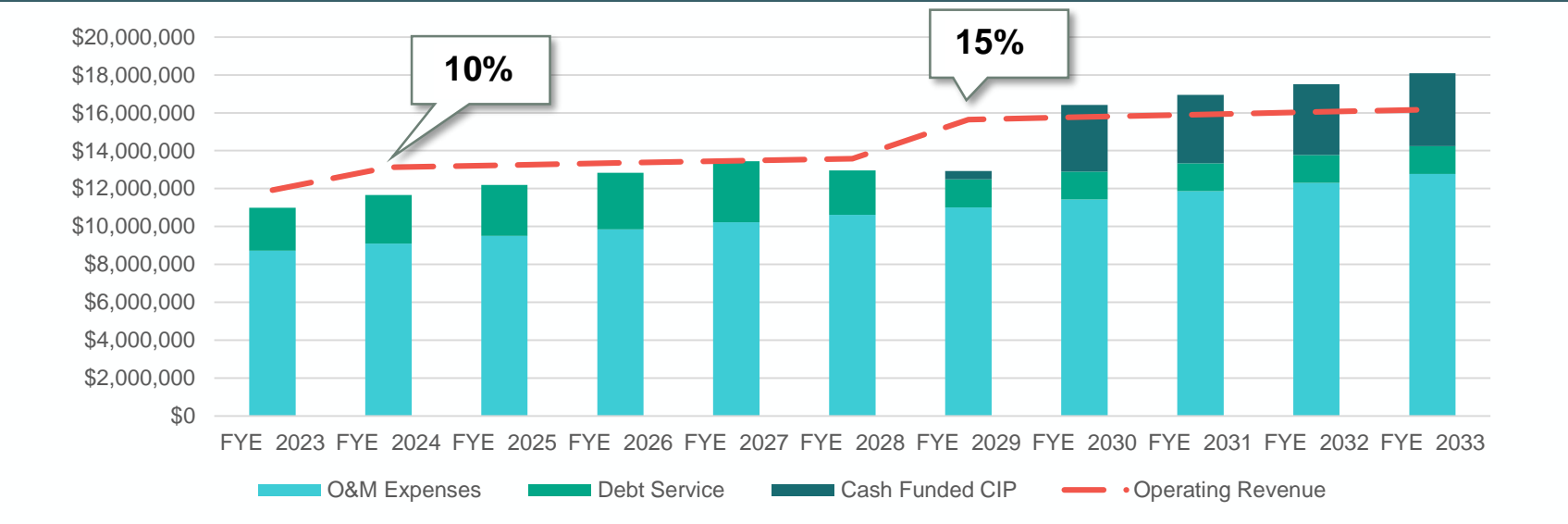
Revenue adjustment is needed in FY2024 to maintain Wastewater Reserves in line with Norman policies



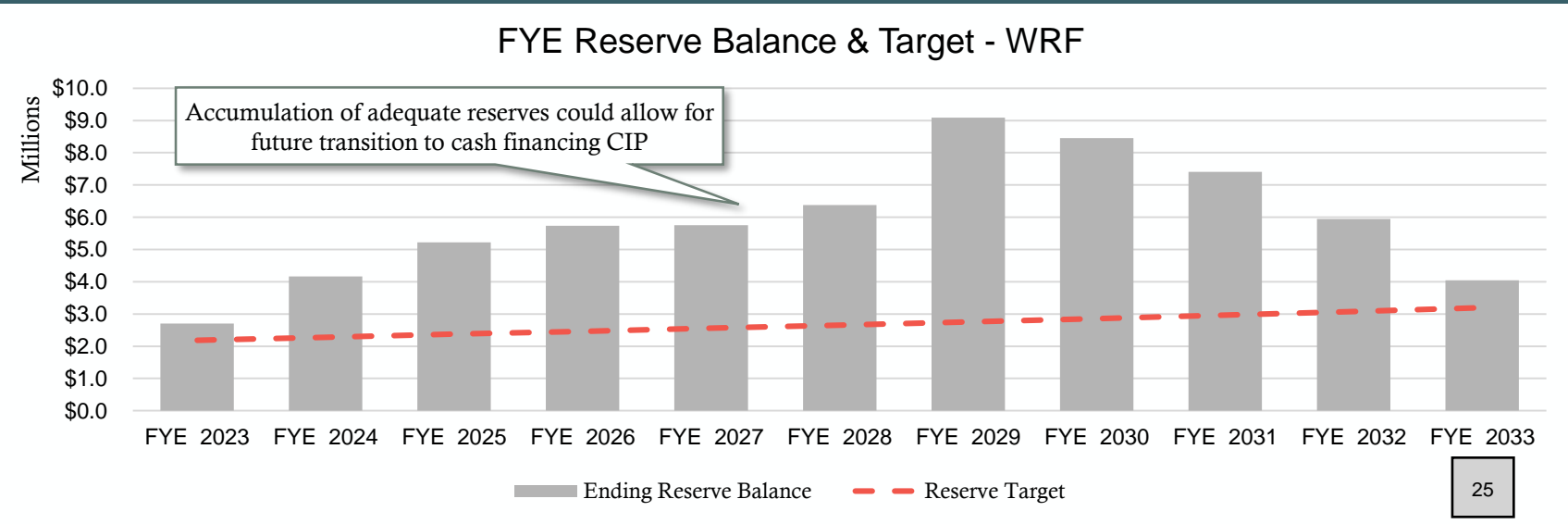
Wastewater utility cash flow – target state

Item 2.

Revenues and Expenditures



Ending Balance and Target Reserves



Wastewater Rate Options



Rate structure alternatives

No COS-related adjustment due to AWC billing practice



- **Alternative 1: Across the Board Increase**
 - Maintain current structure
 - Equal % increase on base fee + volumetric rates billed on average winter consumption

Rate structure alternatives

No COS-related adjustment due to AWC billing practice



- **Alternative 1: Across the Board Increase**
 - Maintain current structure
 - Equal % increase on base fee + volumetric rates billed on average winter consumption



- **Alternative 2: Fixed Charge Recovery**
 - Modify current structure to increase revenues from base fee
 - Increase base fee and maintain volumetric rates at current level

Comparison of existing and proposed rate alternatives

Description	FY24 Existing	Alt. 1 ATB	Alt. 2 FCR
RESIDENTIAL			
Base Fee,\$ per Bill	\$5.00	\$5.50	\$6.75
Volume Rates, \$ per 1,000 gallons Billed Volume	2.70	2.97	2.70
COMMERCIAL			
Base Fee,\$ per Bill	\$5.00	\$5.50	\$6.75
Volume Rates, \$ per 1,000 gallons Billed Volume (80% of Water Use)	2.70	2.97	2.70

Average Residential Customer – Wastewater Bill

Item 2.



Customer	Rate Alternate		
	Current	Alt 1 ATB	Alt 2 FCR
<u>Customer 1 - 4kGal/month billed</u>			
Base Fee	\$ 5.00	\$ 5.50	\$ 6.75
Volumetric Charge	\$ 10.80	\$ 11.88	\$ 10.80
Maintenance Charge	\$ 5.00	\$ 5.00	\$ 5.00
CIC Charge	\$ 0.50	\$ 0.50	\$ 0.50
Total	\$ 21.30	\$ 22.38	\$ 23.05
<u>Customer 2 - 8kGal/month billed</u>			
Base Fee	\$ 5.00	\$ 5.50	\$ 6.75
Volumetric Charge	\$ 21.60	\$ 23.76	\$ 21.60
Maintenance Charge	\$ 5.00	\$ 5.00	\$ 5.00
CIC Charge	\$ 0.50	\$ 0.50	\$ 0.50
Total	\$ 32.10	\$ 34.76	\$ 33.85

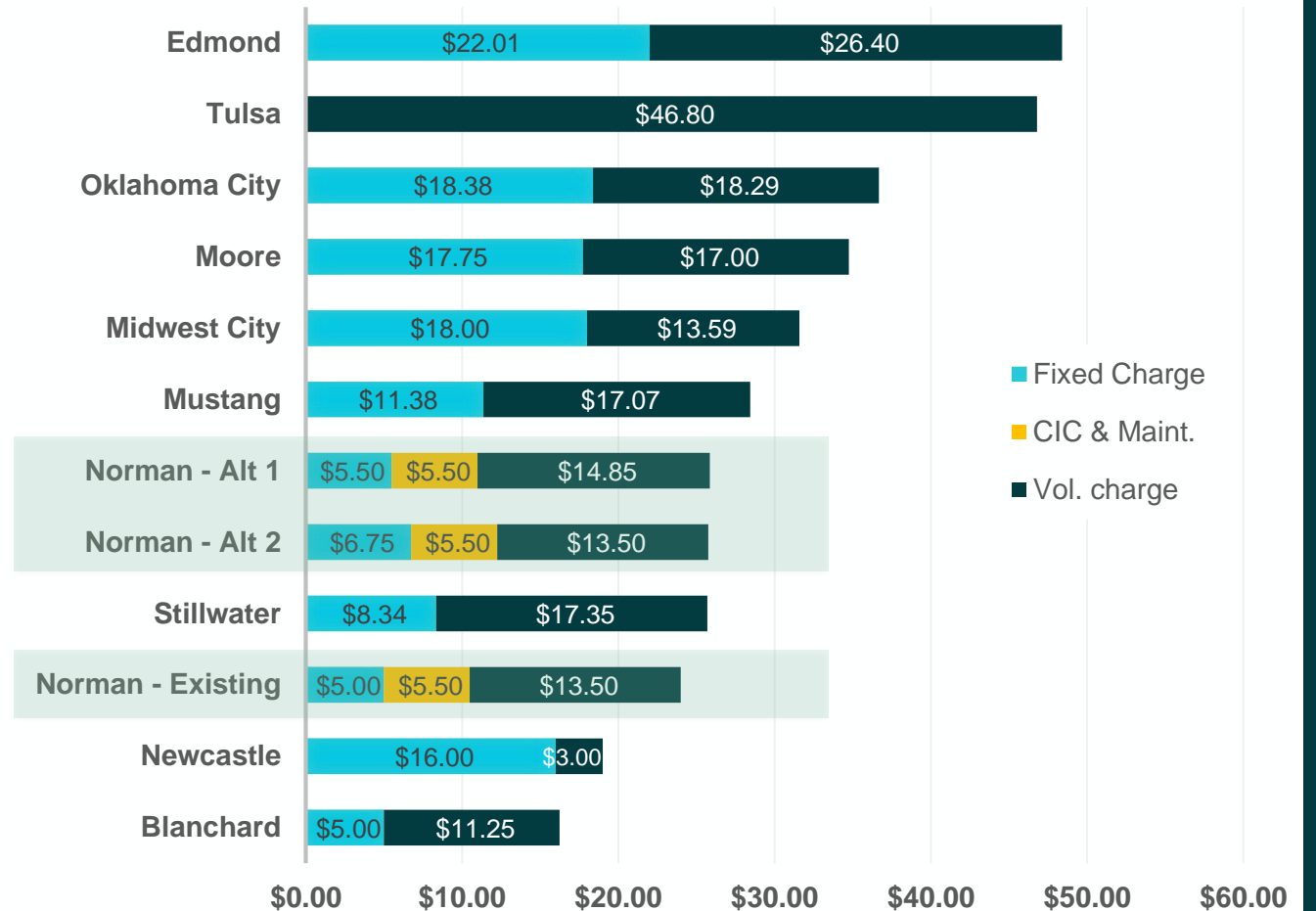
Monthly bills increase
by \$1.08 to \$1.75
on low-use
customers

Monthly bills increase
by \$1.75 to \$2.66
on mid-use
customers

Peer utility residential typical bill survey

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Residential Customer
5,000 gallons AWC





Thank you!

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