



Together, Investing in Municipal Excellence

CITY COUNCIL SPECIAL MEETING AGENDA

SEPTEMBER 25, 2023

723 S. Lewis Street, Room 1122B

Stillwater, OK 74074

5:30 PM

Mayor Will Joyce, Vice Mayor Amy Dzialowski, Councilors Kevin Clark, Christie Hawkins, & Tim Hardin

1. Call Meeting to Order

2. General Orders

The City Council will hear a staff presentation, discuss, and take action including a vote or series of votes on each item listed as presented or as amended or revised by the City Council unless the agenda entry specifically states that no action will be taken. The requested action is indicated in each agenda entry but may be amended or revised prior to action by the City Council.

a.	Presentation & Discussion of Electric Utility Rate Study	CC-23-148	Loren Smith
b.	Presentation & Discussion of Stormwater Rate Study	CC-23-149	Zack Henson

3. Reports from Officers and Boards

Announcements and remarks of general interest may be made by Councilors, City Manager or City Attorney. Items of City business that may require discussion or action including a vote or series of votes are listed below.

- a. Miscellaneous items from the City Attorney
- b. Miscellaneous items from the City Manager
- c. Miscellaneous items from the City Council

4. Questions and Inquires

5. Adjourn

On _____ at _____, a true and correct copy of this agenda was posted on the kiosk outside City Hall, 723 S Lewis Street, Stillwater, OK.

The City of Stillwater encourages participation from all citizens. If participation at any public meeting is not possible due to a disability, please notify the City Manager's office at least 48 hours prior to the meeting by calling 405.742.8209.

- Meetings are televised on AT&T U-verse channel 99 and Suddenlink channel 14.
- Find meeting agendas and minutes online at [Agendas and Minutes](#)
- Official minutes are archived in the City Clerk's office.

Strategic Priorities At A Glance



#1 EFFECTIVE SERVICES & ACCOUNTABLE GOVERNMENT

To provide effective services and accountable government by practicing fiscal responsibility, transparency and outstanding customer service.



#2 MOTIVATED MANAGEMENT

To serve with integrity and demonstrate proactive leadership, motivated management and smart planning skills needed to create a better community.



#3 SAFE COMMUNITY

To promote a safe and secure community for all residents through equitable services, enhanced relationships, and responsive care.



#4 CONNECTED SPACES

To develop a strong sense of place by providing opportunities and services, such as transportation, utilities, and parks to best meet the needs of the public.



#5 UNIQUE CULTURE

To cultivate partnerships that enhance the spirit of Stillwater with equal access to services and amenities, strong and connected neighborhoods, and a thriving economy.



#6 ENGAGED & INVESTED RESIDENTS

To encourage participation and an understanding of government through outreach and inclusive initiatives that inspire trust and pride in local government.



REPORT TO: CITY COUNCIL

MEETING DATE: SEPTEMBER 25, 2023

Agenda Item:	CC-23-148
Prior Council Action/Related Items:	SUA-22-57
Background / Issue:	October 17, 2022, Trustees approved staff to enter into an electric cost of service/rate design agreement with LM Vedder Consulting.
Proposal/Solution:	The rate study has been completed and LM Vedder will present data and recommendations for consideration.
Financial Impact/Funding Source(s):	Any rate decisions will impact future budgets.
Related Strategic Priority:	#1 Effective Services & Accountable Government: to provide effective services and accountable government for all citizens by practicing fiscal responsibility, transparency and outstanding customer service.
Recommended Action/Motion:	The presentation at this meeting is for information purposes only.
Prepared By:	Loren Smith, Electric Utility Director
Submitted By:	Brady Moore, Interim General Manager
Attachment(s):	Vedder Presentation

Electric Cost of Service & Rate Design Study Results & Recommendations



Stillwater Utilities Authority
Stillwater, OK

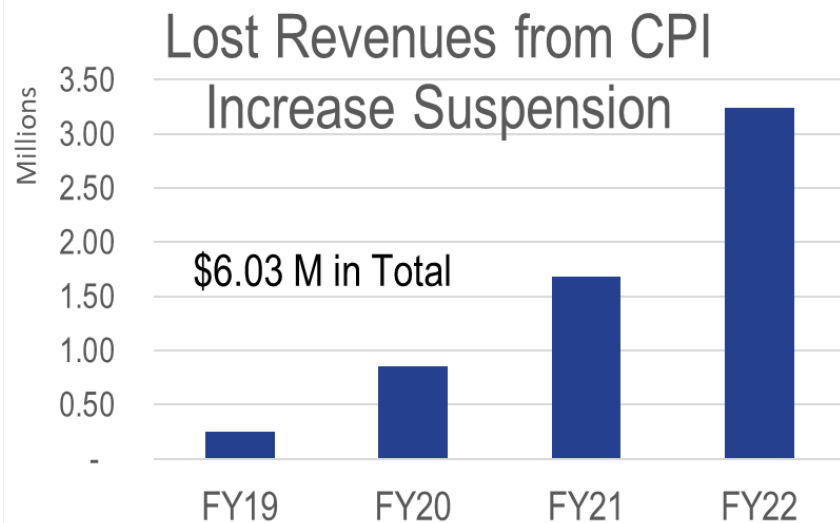
September 25, 2023

Presenter

- Lisa M. Vedder
 - Principal LM Vedder Consulting
- Education
 - Harvard University: Master in Public Administration
 - University of Wisconsin-Madison: B.S. Industrial Engineering
 - Tau Beta Pi & Alpha Pi Mu
- Certifications
 - Certified Internal Auditor
 - Certification in Control Self Assessment
- 30 years industry experience
 - Rates, Cost of Service, Financial
 - Regulatory, Power Supply

- History of SUA Electric Rates
- Key Events Since Last Study
- Overview of Study
- Rate Design
- Study Results
- Recommendations
- Questions

Agenda



History of SUA Electric Rates

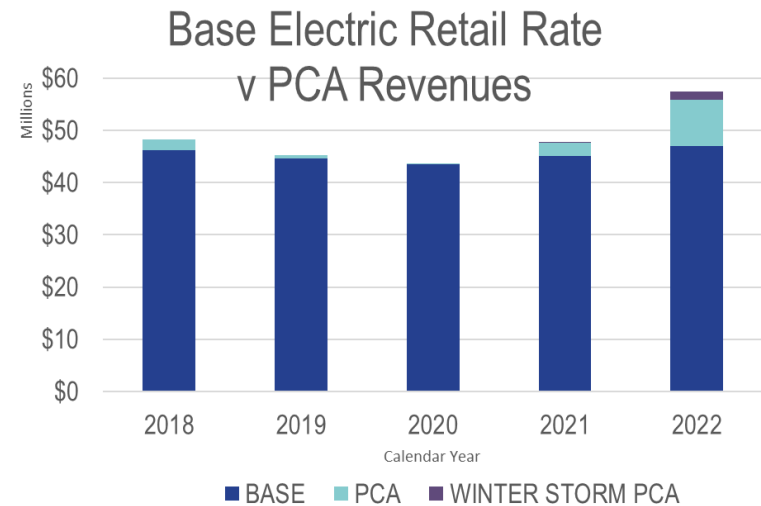
- Last Electric Rate Study in 2020
 - Revenue Neutral Recommendations
 - No Overall Rate Increase
 - Revenues Adjusted Between Classes Based on Cost of Service
- Pandemic
 - Rate Recommendations Not Implemented
 - CPI Increases Suspended FY19 to FY22—\$6 M Loss

Key Events Since Last Electric Rate Study

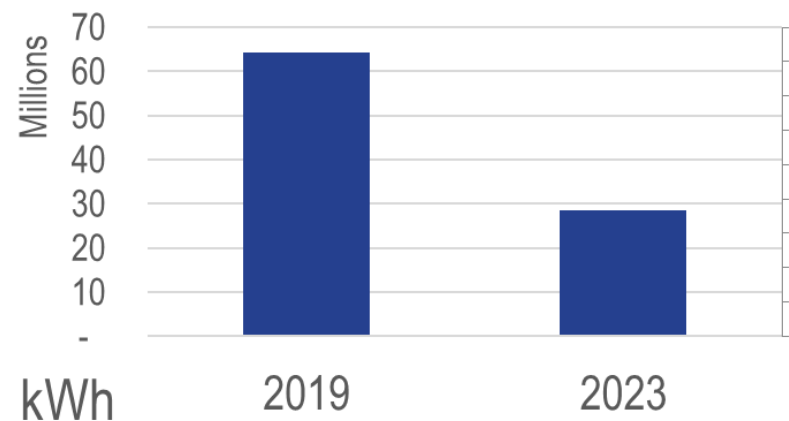
- Flat Revenues
- Loss of Industrial Load
- Cost Increases
 - Inflation
 - Fuel/Wholesale Power
 - General Fund Transfers
 - Labor
 - Health Insurance
 - Materials
- Supply Chain Lead Time Increases
- Need to Draw from Available Fund Balance
- Ratings Agency Concerns

Key Events Since Last Electric Rate Study

Flat Revenues

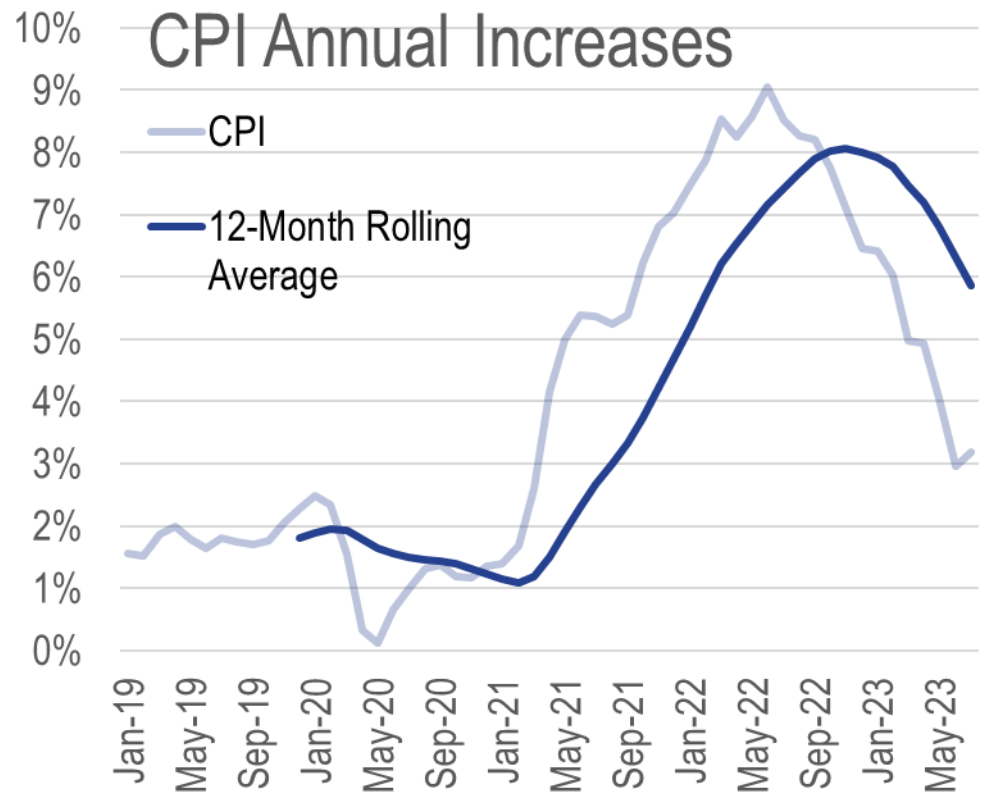


Loss of Industrial Load



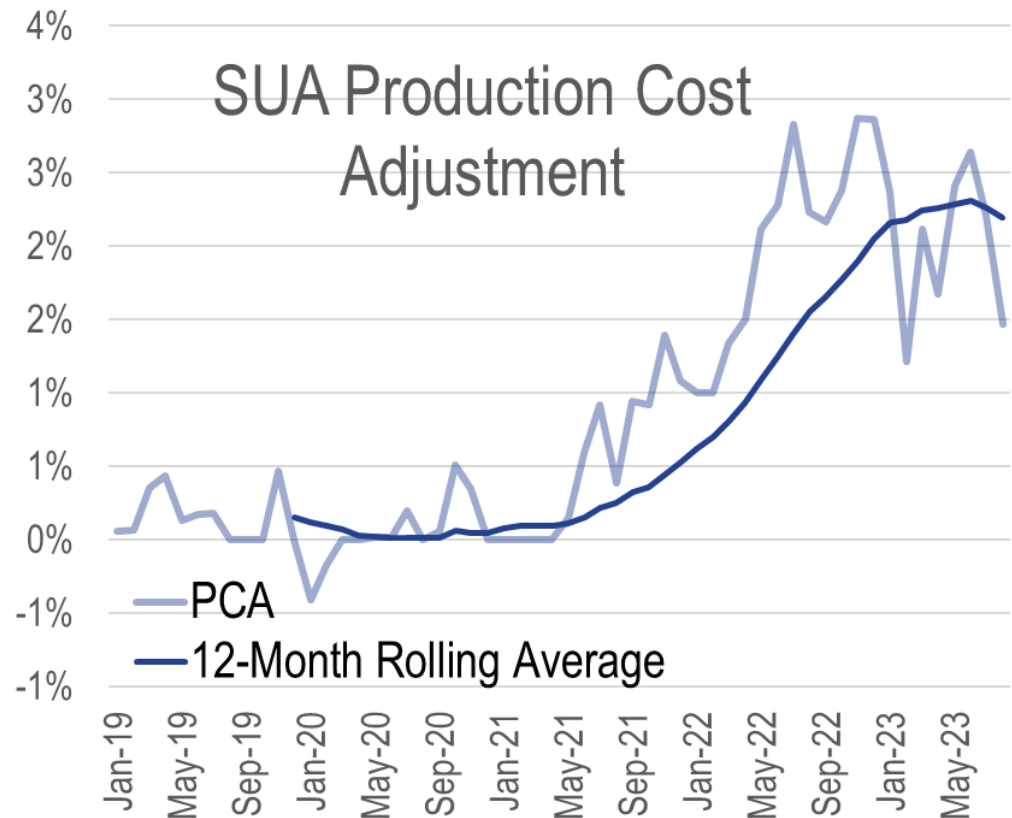
Key Events Since Last Electric Rate Study

- Cost Increases
 - Inflation



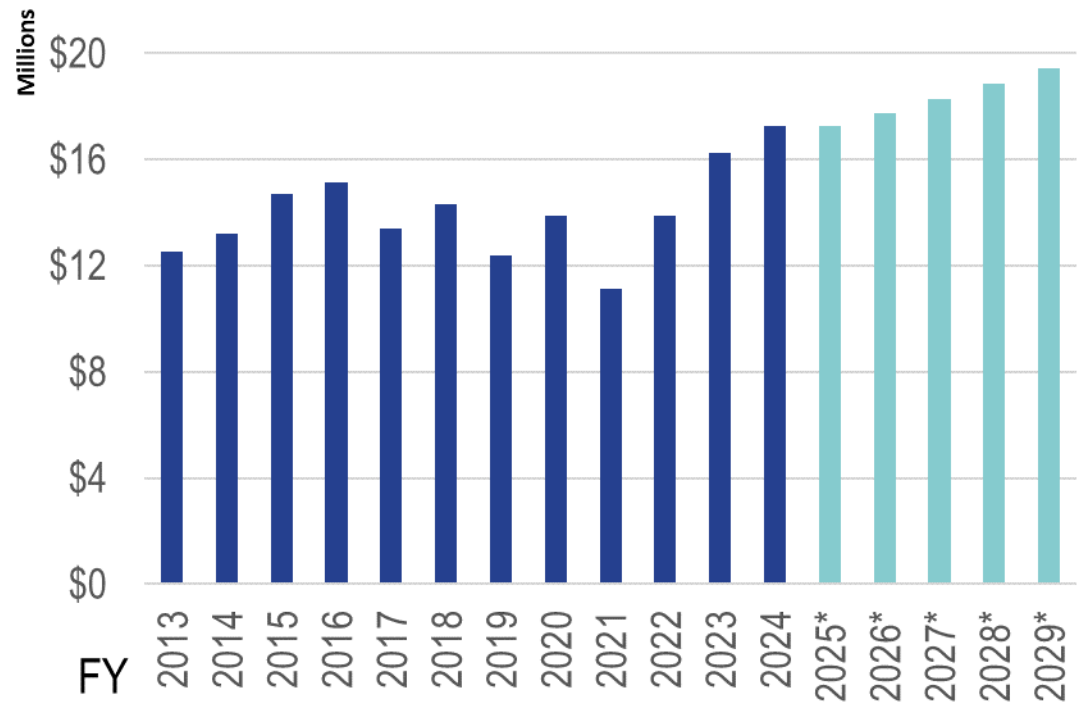
Key Events Since Last Electric Rate Study

- Cost Increases
 - Fuel/Wholesale Power



Key Events Since Last Electric Rate Study

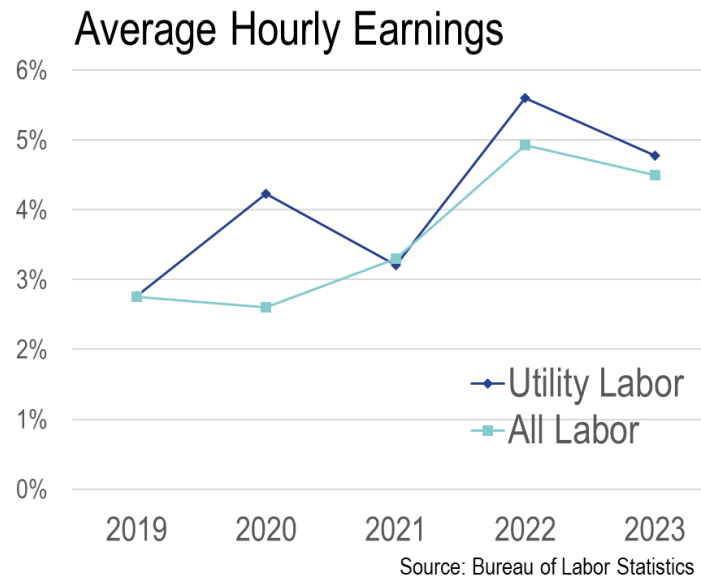
- Cost Increases
 - General Fund Transfer



Key Events Since Last Electric Rate Study

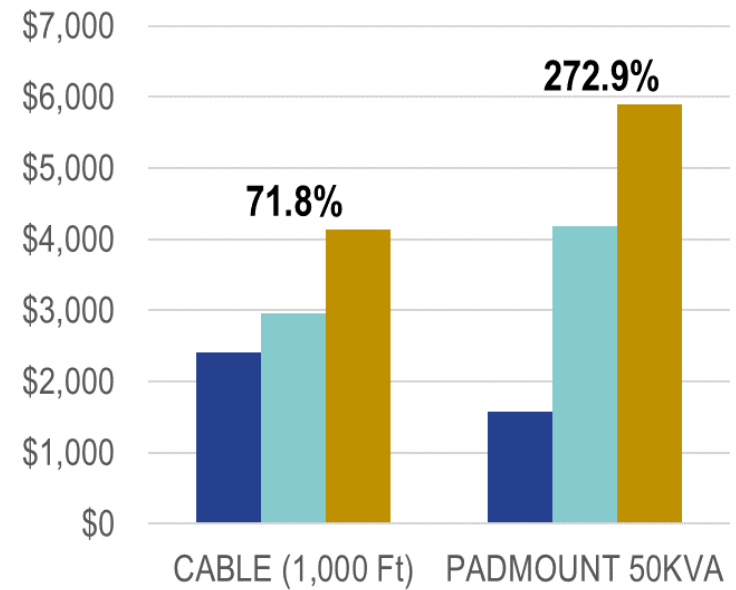
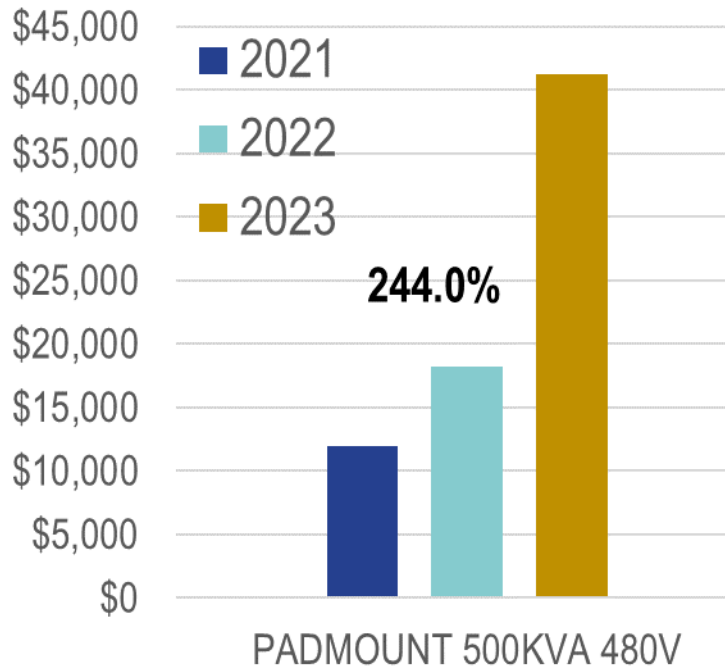
- Cost Increases

- Labor

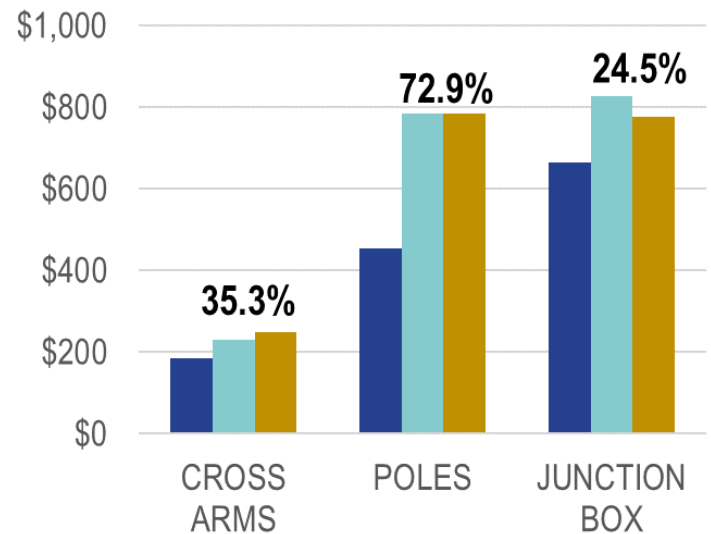


- Health Insurance Cost Increases

- 44% Increase FY17-FY23
 - 28% Increase FY20-FY23
 - Absorbed by City Due to Lack of COLA Increases Until July 2023

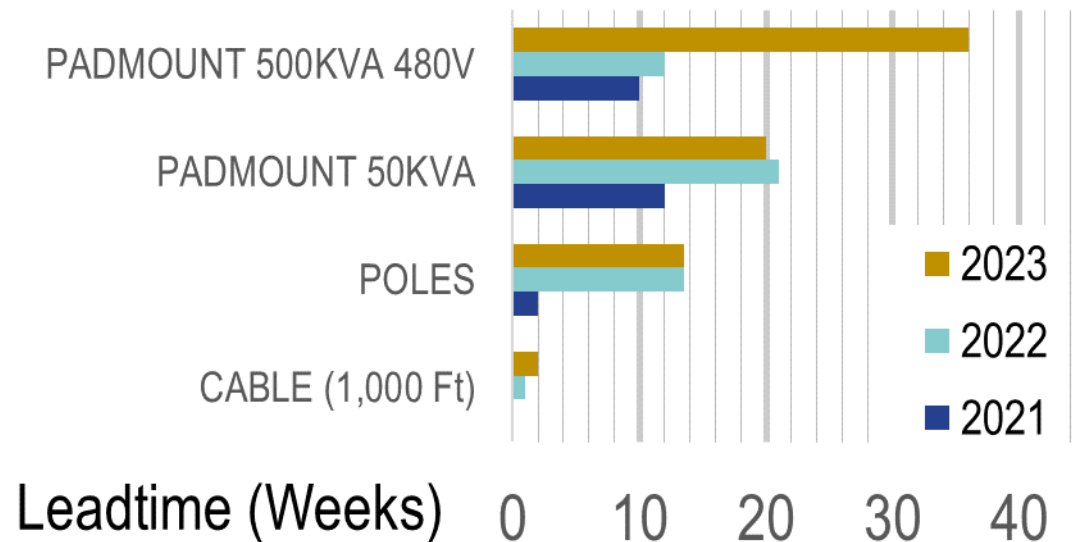


Distribution Materials Cost Increases 2021-23

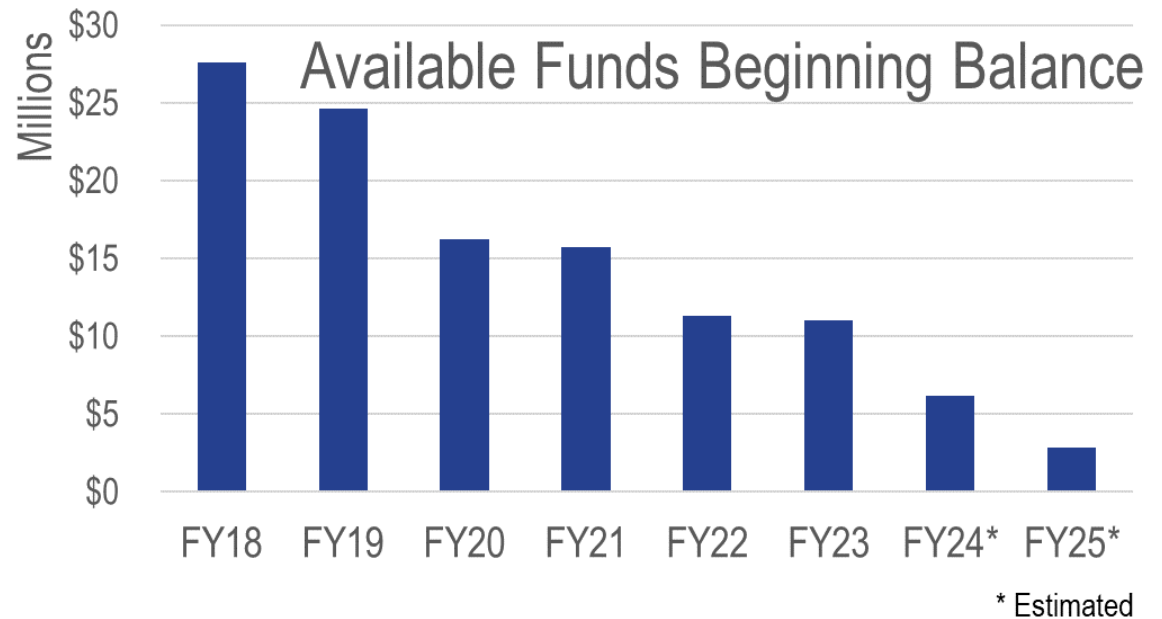


Key Events Since Last Electric Rate Study

- Supply Chain Leadtime Increases
 - Distribution Materials



Key Events Since Last Electric Rate Study



- Increased Draws from Available Funds Balance to Meet City Operational Needs
 - General Fund
 - SUA Operating Fund

Key Events Since Last Electric Rate Study

- Ratings Agency Concerns
 - Standard & Poor's Feb 2023 Review
 - Decline in Fixed Charge Coverage Ratio (FCC) Due to:
 - Higher Purchased Power Costs
 - Winter Storm Uri Costs
 - High Transfers from SUA to the City's General Fund
 - Lack of Base Rate Increases from 2019 to 2022
 - May Result in a Downgraded Rating
 - Higher Interest Costs on Future Debt

Electric Cost of Service & Rate Study



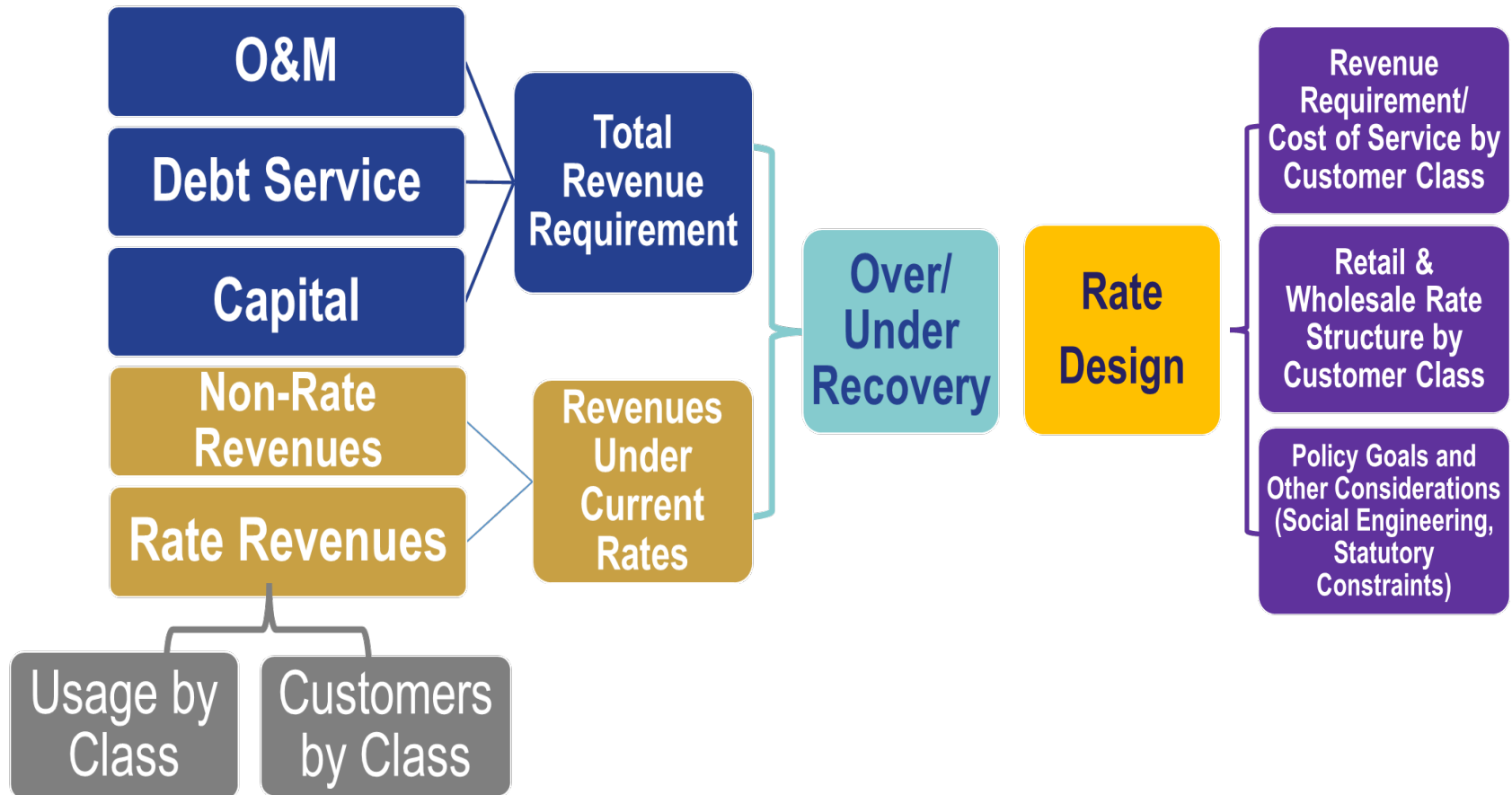
Step 1
Establish Revenue Requirement

Step 2
Assign Costs

- Functionally Unbundle
- Classify
- Allocate to Customer Classes

Step 3
Design Rates

Study Overview



Methodology



- Test Year is Basis for Setting Rates
- Adjustments Meant to Capture Events Over Planning Horizon
 - Customer Make Up
 - Costs
 - Economic Conditions
 - Energy Usage
 - Markets

Test Year

Revenue Requirement

Description	Proposed Budget FY 2024 (\$000)	Adjustments (\$000)	Revenue Requirement FY 2025 (\$000)
Operating Expenses			
Cost of Power	\$ 32,000	\$ 725	\$ 32,725
Natural Gas	4,950	(417)	4,533
Engineering & Admin	3,747	227	3,974
O&M	10,201	903	11,104
Other	1,531	41	1,573
TOTAL	\$ 52,430	\$ 1,480	\$ 53,910
Other Revenue Requirements			
Transfer to General Fund	\$ 16,257	\$ 993	\$ 17,250
Transfer to RSF	4,000	1,000	5,000
Transfer to Replenish RSF	-	-	-
TOTAL	\$ 20,257	\$ 1,993	\$ 22,250
Total Expenditures	\$ 72,687	\$ 3,473	\$ 76,160
Less Transfers and Other Revenue			
Other Non Rate Revenue	\$ 713	\$ 114	\$ 827
GRDA Capacity & Energy	4,115	402	4,517
Sales Tax	9,700	-	9,700
TOTAL	\$ 14,528	\$ 516	\$ 15,044
Net Revenue Requirement	\$ 58,159	\$ 2,957	\$ 61,116

Description	Proposed Budget		Test Year	
	FY 2024	Adjustments	Revenue	Requirement
	(\$000)	(\$000)	FY 2025	(\$000)
Net Revenue Requirement	\$ 58,159	\$ 2,957	\$	61,116
Projected Revenue From Sales				
Existing Base Rate Revenues	\$ 48,000	\$ (128)	\$	47,872
PCA Revenues	10,000	365		10,365
Other Revenue	-	-		-
TOTAL REVENUES FROM SALES	\$ 58,000	\$ 238	\$	58,238
Revenue Surplus or (Deficiency)	<u>\$ (159)</u>	<u>\$ (2,719)</u>	<u>\$</u>	<u>(2,878)</u>
				-4.9%

Revenues at Current Rates v. TY Revenue Requirement

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Net Revenue Requirement	\$ 61,116	\$ 61,999	\$ 62,859	\$ 63,725	\$ 64,763
Projected Revenue From Sales					
Existing Base Rate Revenues	\$ 47,872	\$ 48,515	\$ 49,102	\$ 49,660	\$ 50,232
PCA Revenues	10,365	9,910	9,458	8,968	8,651
Other Revenue	-	-	-	-	-
TOTAL REVENUES FROM SALES	\$ 58,238	\$ 58,425	\$ 58,560	\$ 58,629	\$ 58,883
Revenue Surplus or (Deficiency)	\$ (2,878)	\$ (3,574)	\$ (4,299)	\$ (5,097)	\$ (5,880)
	-4.9%	-6.1%	-7.3%	-8.7%	-10.0%

Cumulative Loss of (\$21,728)

Revenues at Current Rates v. TY Revenue Requirement

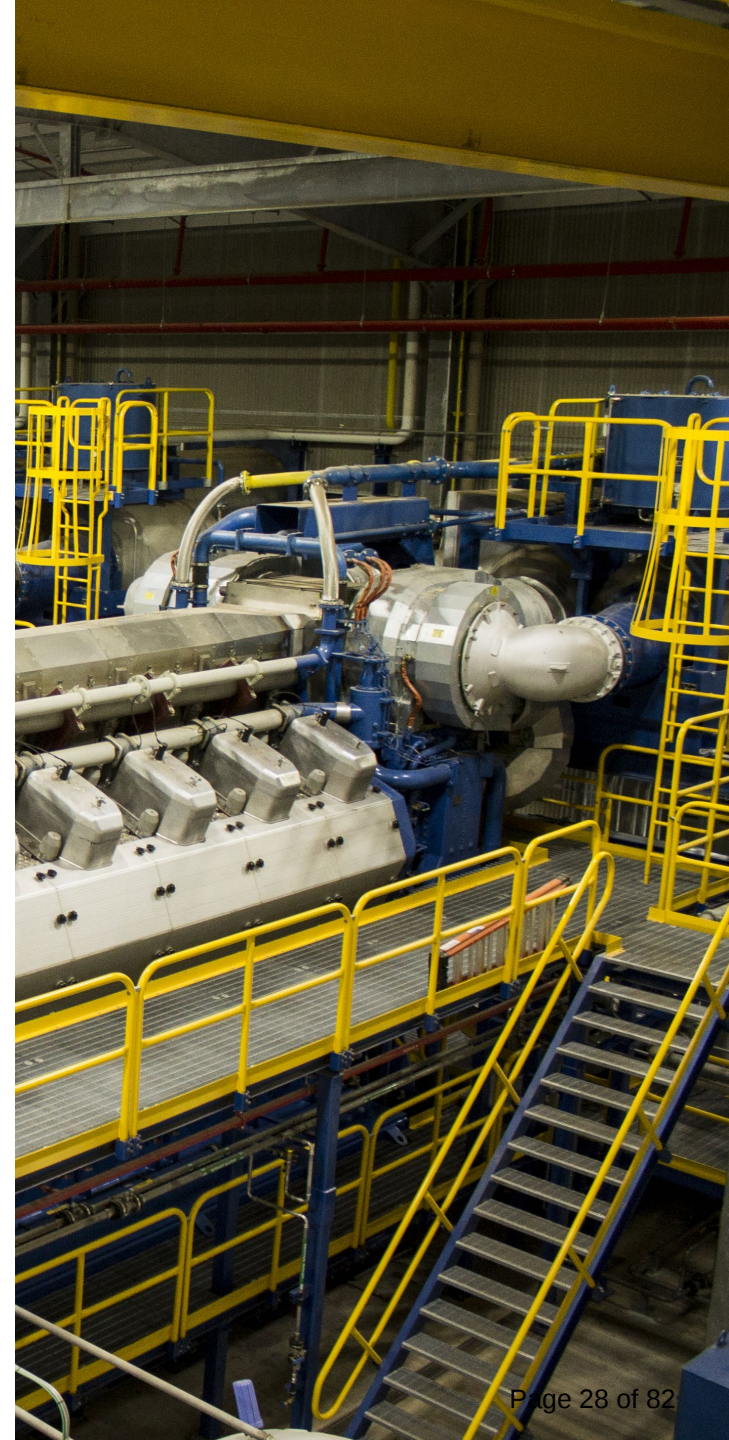
What is the Path Forward?

- Increase Fixed Charges to Align with Cost of Service (COS)
- Eliminate Declining Block Rate Structures
- Eliminate Seasonal Demand Charge Differentials
- Align Commercial (General Service) Class with Peers & COS
- Implement New Rates January 1, 2024

Description	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Net Revenue Requirement	\$61,638	\$62,161	\$62,859	\$63,725	\$64,763
Projected Revenue From Sales					
Existing Base Rate Revenues	\$51,273	\$52,251	\$53,308	\$54,493	\$55,877
PCA Revenues	10,365	9,910	9,458	8,968	8,651
Other Revenue	-	-	93	264	236
TOTAL REVENUES FROM SALES	\$61,638	\$62,161	\$62,859	\$63,725	\$64,763
Revenue Surplus or (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -
	0.0%	0.0%	0.0%	0.0%	0.0%

Revenues at Future Rates v. TY Revenue Requirement

Rate Design



Can a Municipal Utility Charge its Customers Whatever it Wants?

- Rules for Public Utility Price Setting
 - Cost of Service (COS) Plus
 - A Reasonable Return

*Bonbright, James C.,
Principles of Public Utility
Rates. New York:
Columbia University Press,
1961*

“Hence, to a substantial extent, sound ratemaking policy is a policy of reasonable compromise among partly conflicting objectives.”

*– James C. Bonbright,
Principles of Public Utility
Rates, 1961*

Bonbright's Principles of Public Utility Rates

1. Practical
2. Uncontroversial as to Interpretation
3. Effective in Meeting Revenue Requirements
4. Stable from a Revenue Perspective
5. Stable from a Rate Perspective
6. Fairness Among Customer Classes
7. Avoidance of Undue Discrimination
8. Efficient Economically
 - Discouraging Wasteful Use of Services
 - Promoting Optimal Offerings of Services

Revenue Requirements
Low Rates
Predictability

Equity & Fairness
Behavior Modification
Ability & Willingness to Pay

Competitiveness
Environment
Regulations

Simplicity
Understandability
Accuracy

Rate Design Trade Offs

Service Class	Production (\$000)		Distribution (\$000)		Customer (\$000)		Total Cost of Service (\$000)
	Fixed	Variable	Fixed		Fixed		
Residential	\$11,446	\$10,656	\$ 5,235		\$ 5,889		\$33,227 54%
Commercial	1,548	2,806	708		704		5,765 9%
Power	7,239	7,487	2,509		239		17,474 29%
Industrial	1,049	1,483	392		3		2,928 5%
Un-Billed & Other	<u>662</u>	<u>841</u>	<u>218</u>		<u>1</u>		<u>1,722</u> 3%
TOTAL COS	\$21,944	\$23,273	\$ 9,063		\$ 6,837		\$61,116 100%

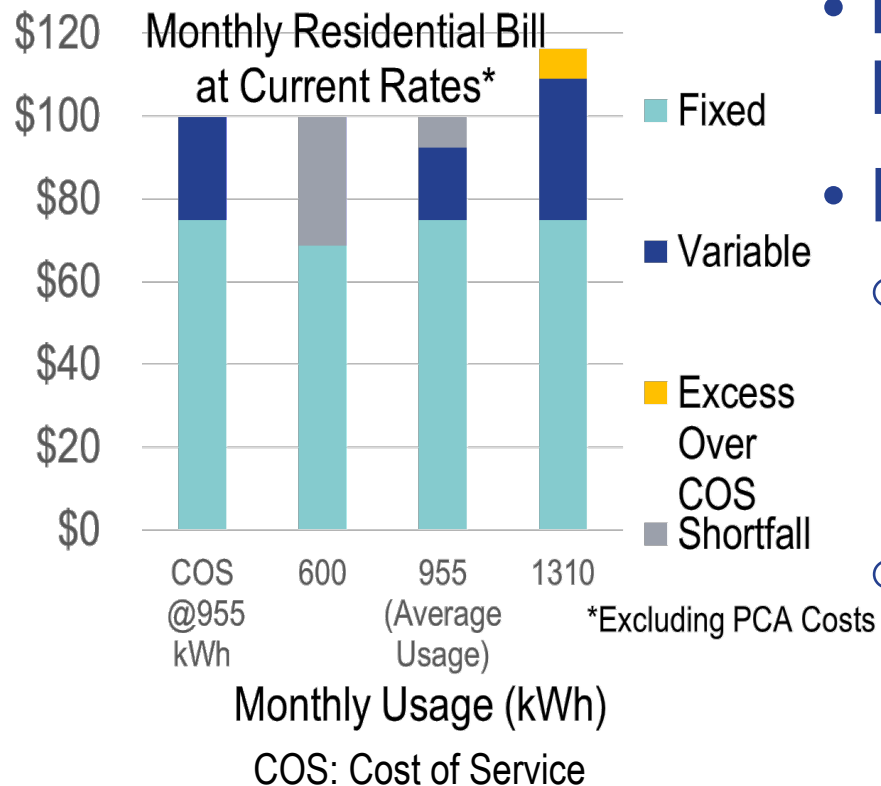
Test Year Cost of Service by Customer Class

Service Class	Test Year		Total Cost of Service (\$000)	
	Revenues at Current Rates (\$000)			
Residential	\$	30,121	\$ 33,227	-9%
Commercial		8,247	5,765	43%
Power		17,053	17,474	-2%
Industrial		2,812	2,928	-4%
Un-Billed & Other		-	1,722	-100%
TOTAL COS	\$	58,232	\$ 61,116	-5%

Test Year Cost of Service v Revenues by Customer Class

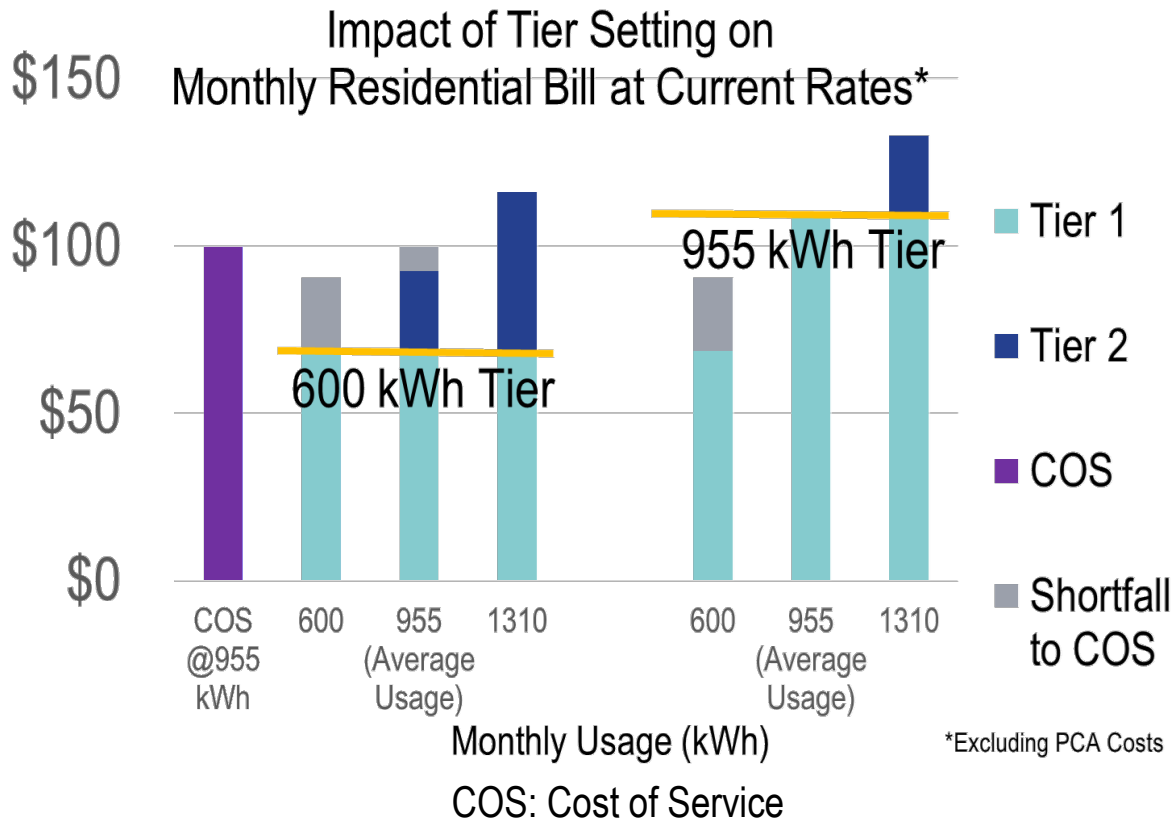
Rate Design Recommendations

- Increase Fixed Charges to Align with Cost of Service (COS)
- Eliminate Declining Block Rate Billing Structure
- Eliminate Seasonal Demand Charge Differential
- Align Commercial (General Service) Class with Peers & COS
- Implement New Rates January 1, 2024



- Eliminate Declining Rate Billing Structures
- Residential Rates
 - Tier Level Too Low (600 kWh)
 - Average Usage is 955 kWh
 - 45% to 70% of Customers in Tier on Given Month (2022 Data)
 - Inconsistent with Sustainability Goals
 - Encourages Excess Use
 - Inclining Block aka “Conservation Rates” are Now Preferred
 - Rate is Below Cost
 - Subsidizes High Usage
 - Removal Reduces Level of Rate Increase Needed

Rate Design Recommendations



- **Eliminate Residential Declining Rate Billing Structure**

- Tiers are Out of Synch With Load Characteristics
- Currently Set Well Below Average Usage

- **Eliminate General Service Declining Rate Billing Structure**

Rate Design Recommendations

- Eliminate Seasonal Demand Differential
 - Not Based on Cost of Services (COS)
 - May be Impacting Competitiveness
 - Aligns with Goal of Increasing Fixed Cost Recovery
 - Lower Winter Rate is Well Below COS

Rate Design Recommendations

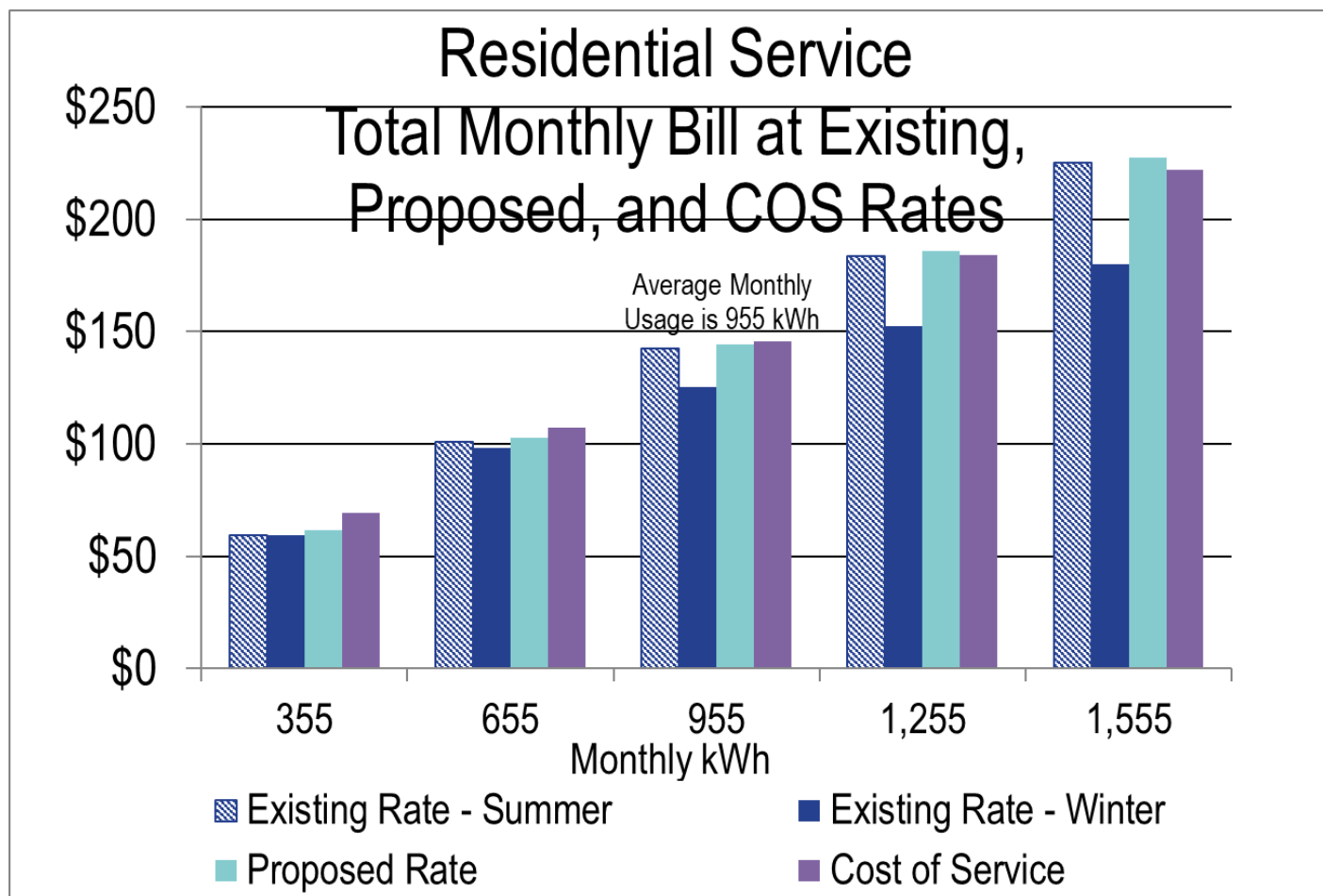
Proposed Rates



Rate	Unit	Existing Rates	COS Rate	Change	Proposed Rates	Change
Residential Service						
Customer Charge	(\$/month)	\$ 10.39	\$ 24.00	\$ 13.61	\$ 12.28	\$ 1.89
Summer (May 1 to September 30)	(\$/kWh)	0.11446	0.10390	(0.0106)	0.11463	0.00017
Winter (October 1 to April 30)						
0 to 600 kWh per Month	(\$/kWh)	0.11446	0.10390	(0.0106)	0.11463	0.00017
> 600 kWh per Month	(\$/kWh)	0.06693	0.10390	0.0370	0.11463	0.04770

- Implement New Rates on January 1, 2024
- COS: Cost of Service

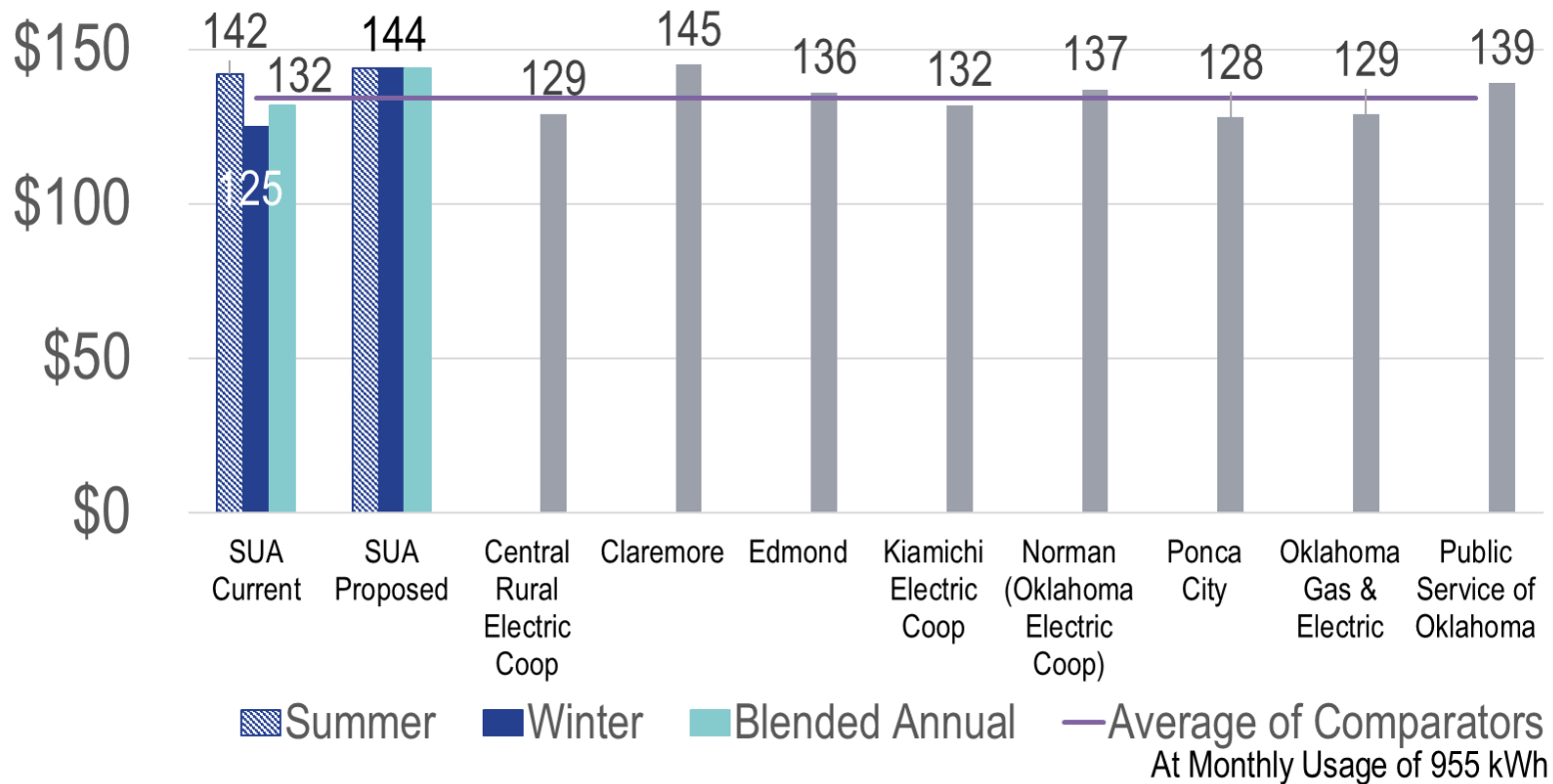
Results



- Implement New Rates on January 1, 2024
- COS: Cost of Service

Results

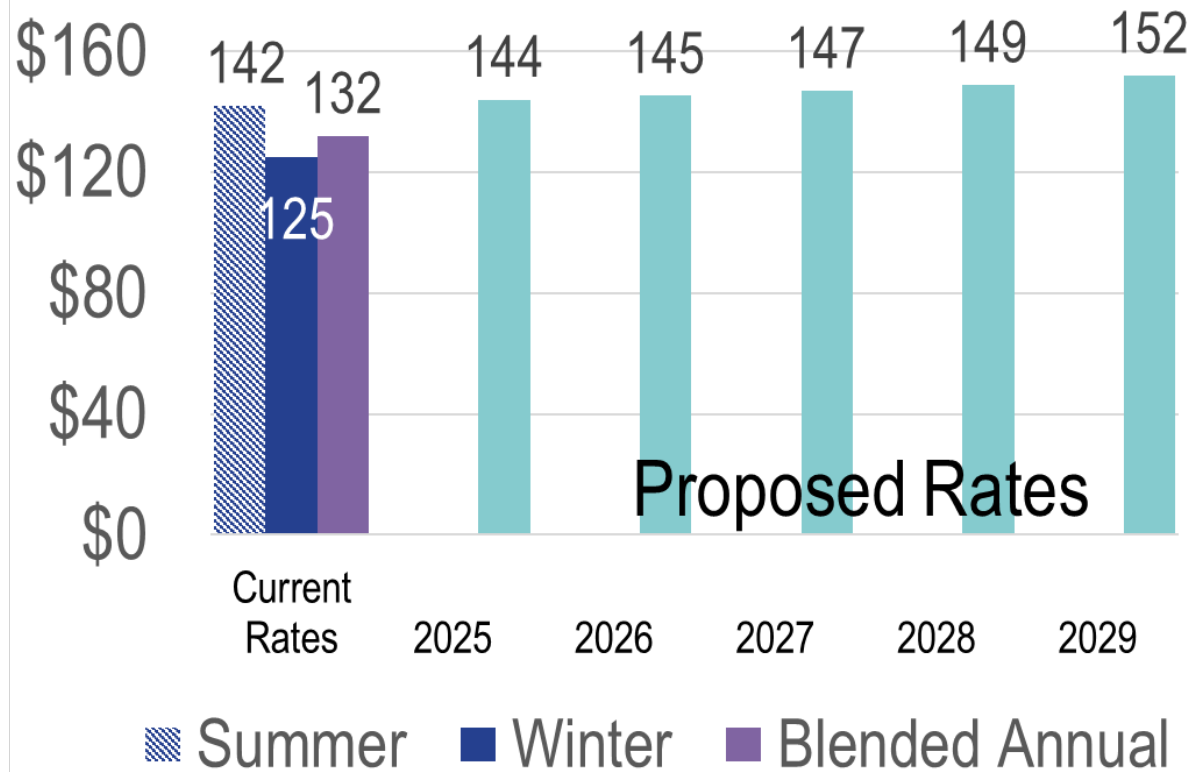
Residential Service Average Monthly Bill



- Based on Publicly Available Data
- Includes Production Cost Adjustments

Results

Proposed SUA Rate Path FY25 to FY29 Residential Service Average Monthly Bill



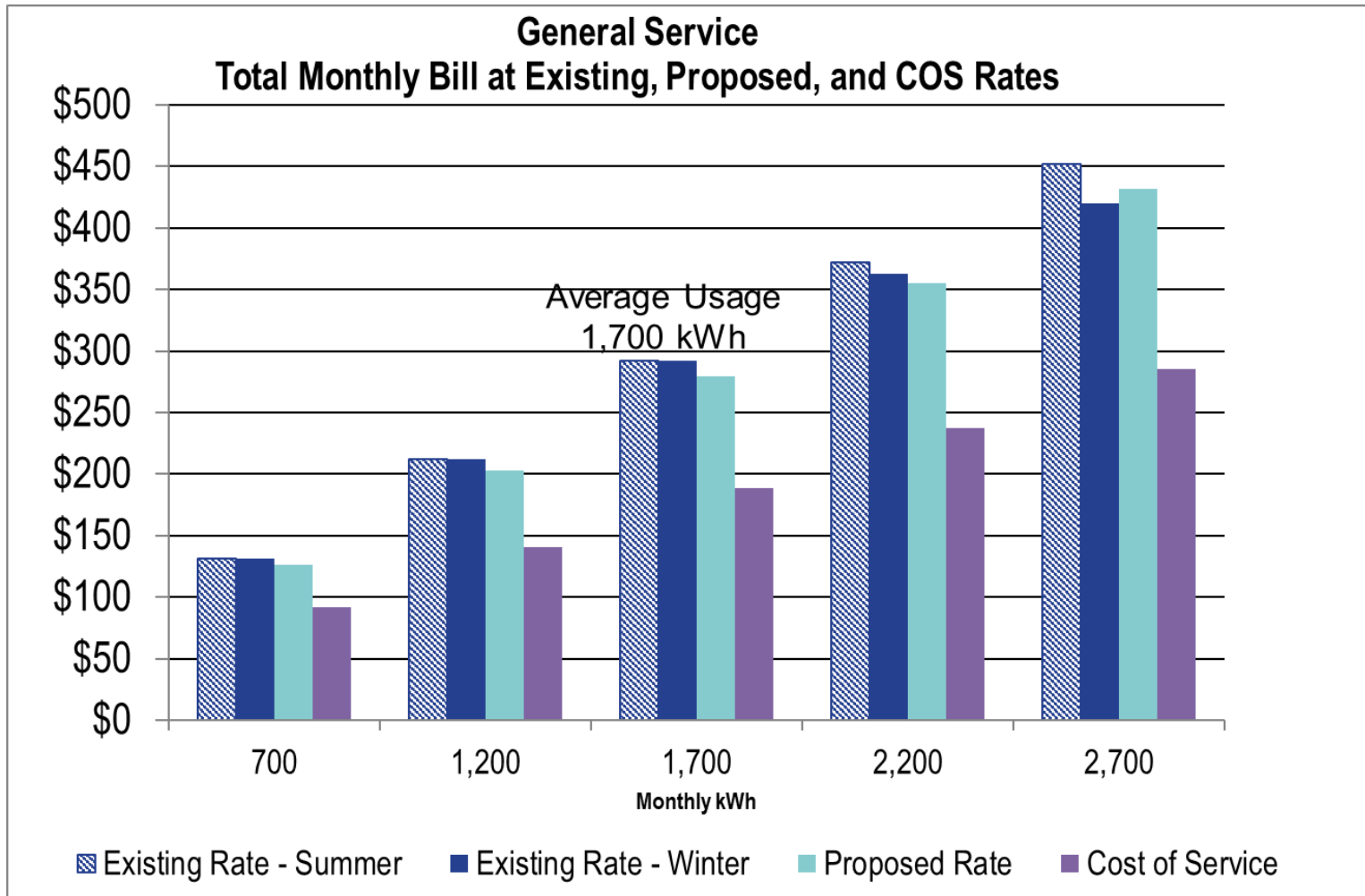
— Implement New Rates on January 1, 2024

Results

Rate	Unit	Existing Rates	COS Rate	Change	Proposed Rates	Change
Commerical						
Customer Charge	(\$/month)	\$ 19.14	\$ 24.00	\$ 4.86	\$ 19.33	\$ 0.19
Summer (May 1 to September 30)	(\$/kWh)	0.13679	0.07333	(0.06346)	0.12910	(0.00769)
Winter (October 1 to April 30)						
0 to 2000 kWh per Month	(\$/kWh)	0.13679	0.07333	(0.06346)	0.12910	(0.00769)
> 2000 kWh per Month	(\$/kWh)	0.09037	0.07333	(0.01704)	0.12910	0.03873

- Implement New Rates on January 1, 2024
- COS: Cost of Service

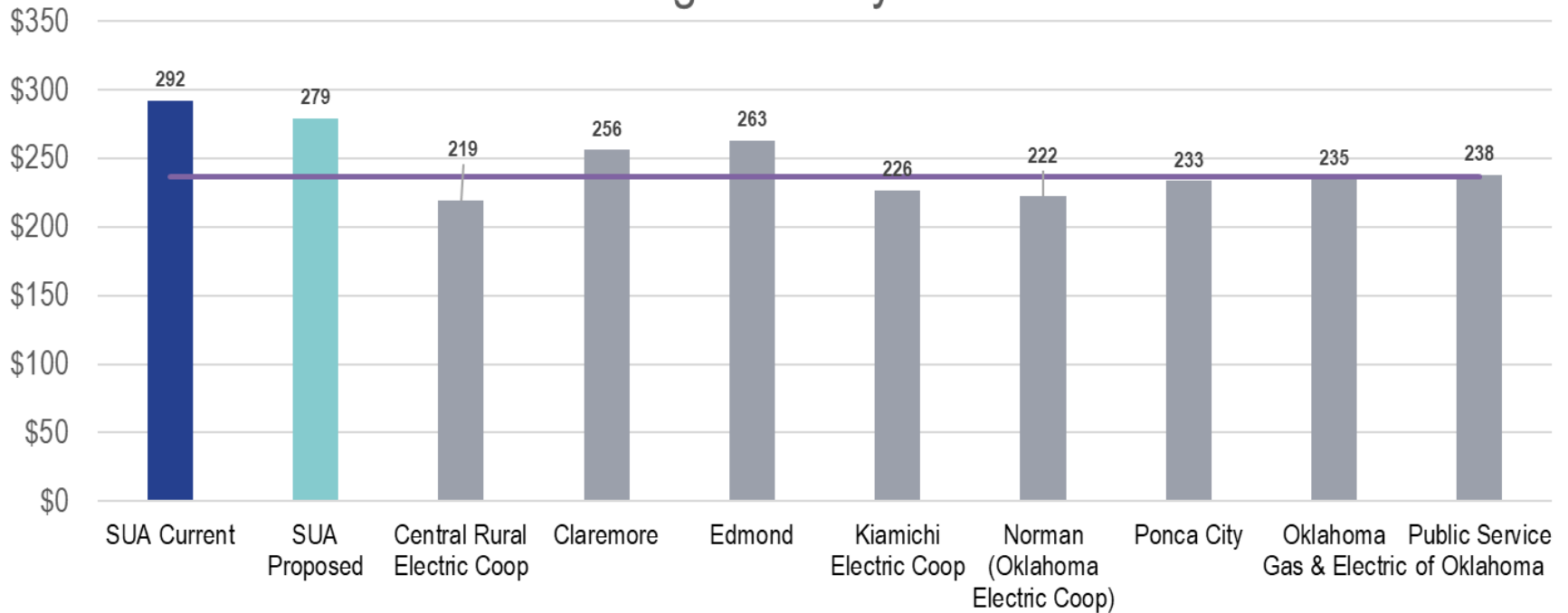
Results



Results

- Implement New Rates on January 1, 2024
- COS: Cost of Service

General Service Average Monthly Bill



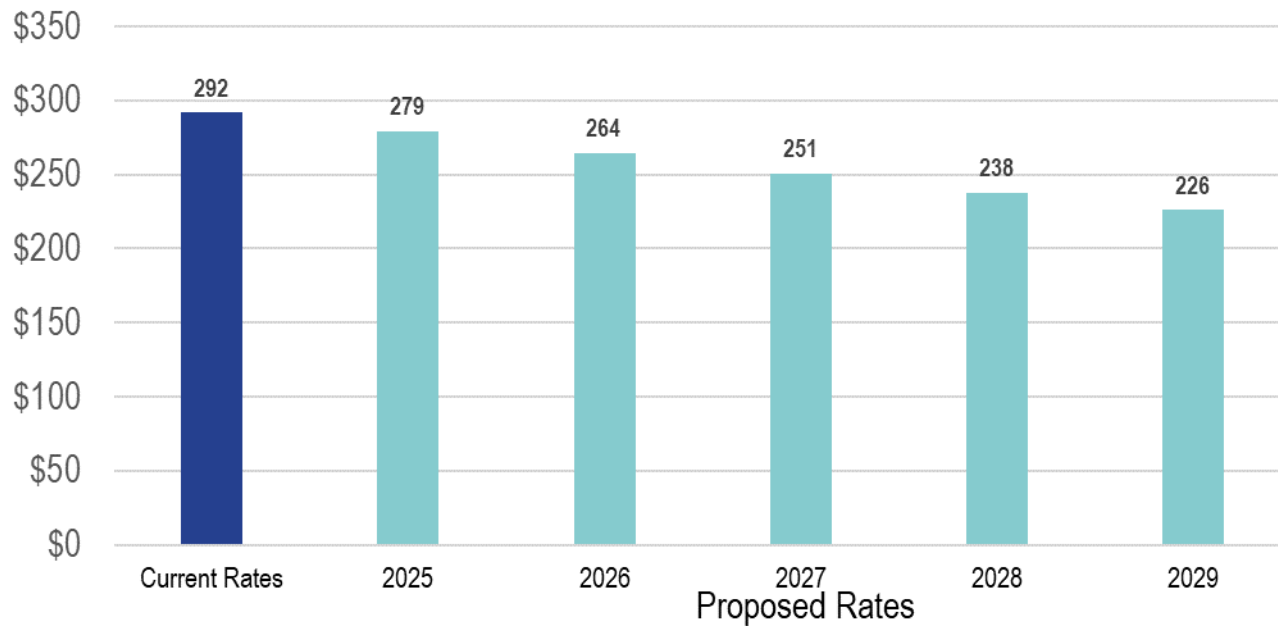
At Monthly Usage of 1,700 kWh

— Average of Comparators

— Implement New Rates on January 1, 2024

Results

Proposed SUA Rate Path FY25 to FY29 General Service Average Monthly Bill



At Monthly Usage of 1,700 kWh

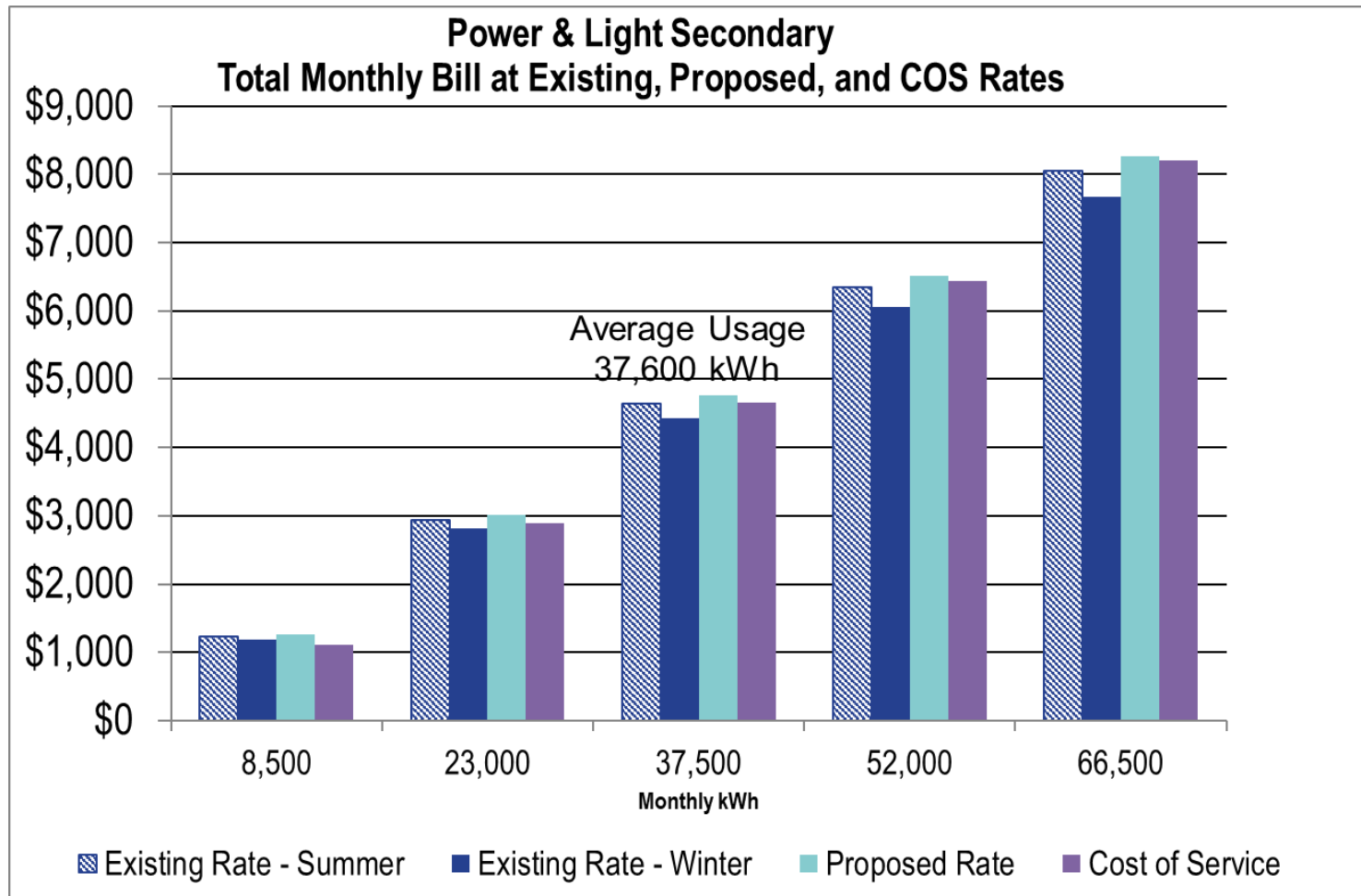
— Implement New Rates on January 1, 2024

Results

Rate	Unit	Existing Rates	COS Rate	Change	Proposed Rates	Change
Power and Light Secondary						
Customer Charge	(\$/month)	\$ 240.70	\$ 72.00	\$ (168.70)	\$ 243.11	\$ 2.41
Energy	(\$/kWh)	0.05866	0.02855	(0.03011)	0.05573	(0.00293)
Summer Demand	(\$/kW Month)	\$ 12.06	\$ 24.16	\$ 12.10	\$ 14.20	\$ 2.14
Winter Demand	(\$/kW Month)	\$ 10.11	\$ 24.16	\$ 14.05	\$ 14.20	\$ 4.09

- Implement New Rates on January 1, 2024
- COS: Cost of Service

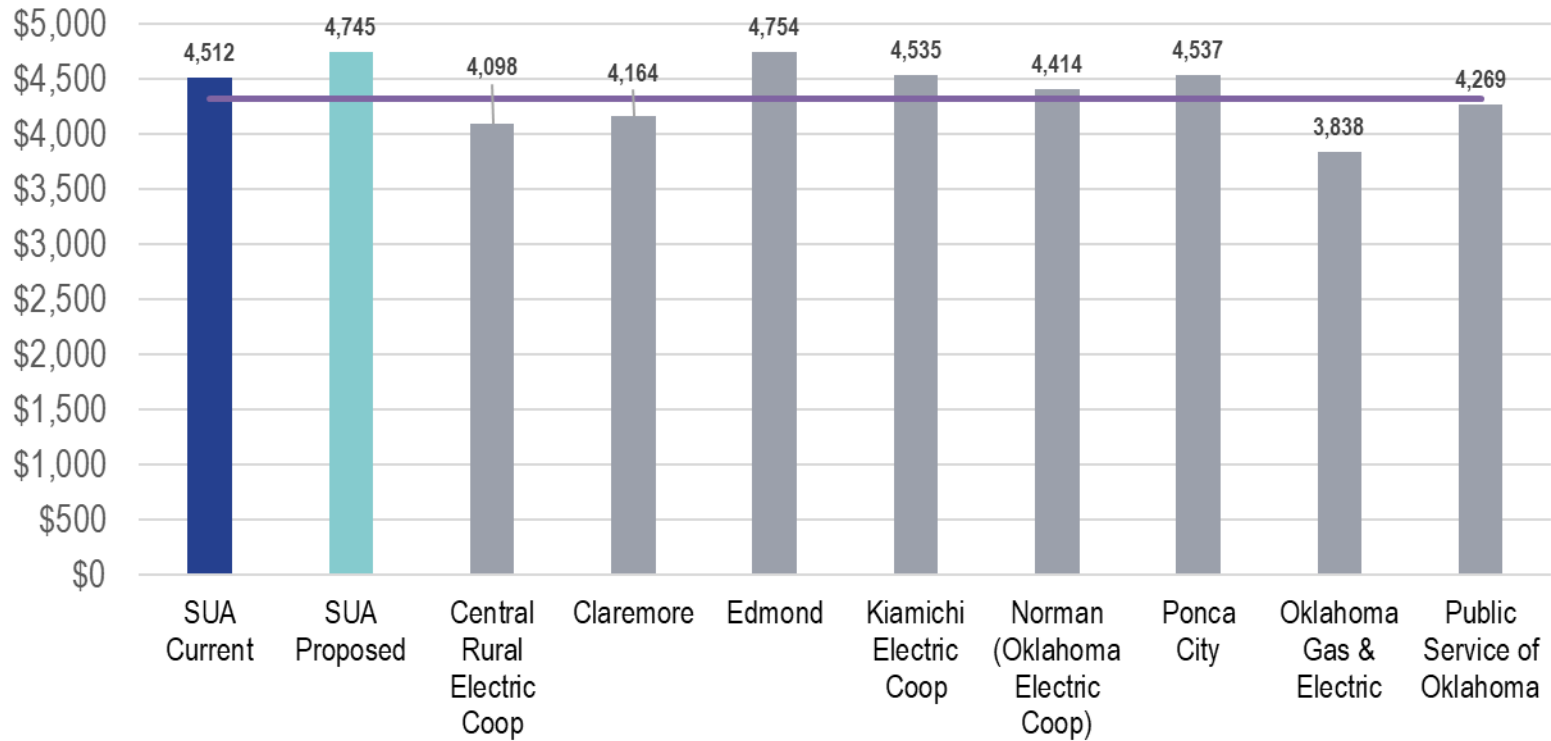
Results



Results

- Implement New Rates on January 1, 2024
- COS: Cost of Service

Power & Light Secondary Average Monthly Bill



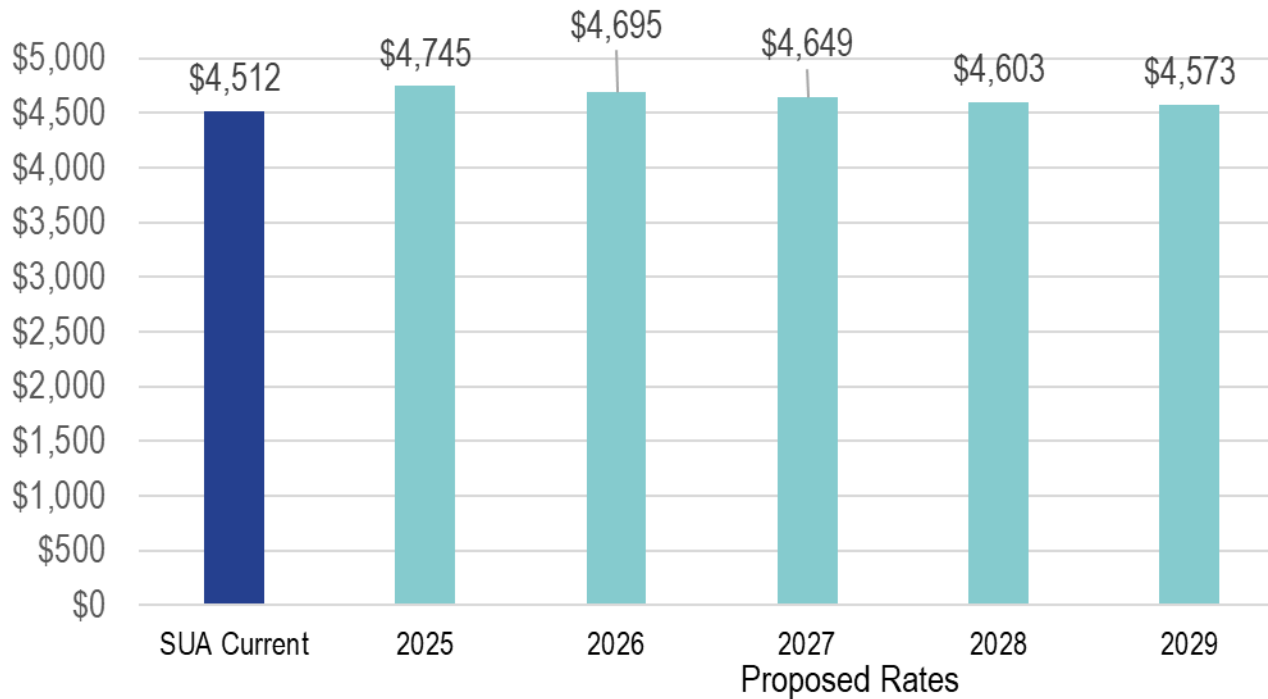
At Monthly Usage of 37,600 kWh

— Average of Comparators

— Implement New Rates on January 1, 2024

Results

Proposed SUA Rate Path FY25 to FY29 Power & Light Secondary Average Monthly Bill



At Monthly Usage of 37,600 kWh

Results

— Implement New Rates on January 1, 2024

Recommendations



Action is Needed

- Costs Have Increased Dramatically
 - \$3 M for Test Year Revenue Requirement
 - Average \$0.78 M Per Year FY 26-29
- Current Rate Revenues Are Not Sufficient
 - Fund Draws Have Been Used to Meet Operational Needs
 - 5-Year Deficit of \$22 M Forecast
- Rating Agency's Have Voiced Concerns

Rate Design Recommendations

- Increase Fixed Charges to Align with Cost of Service (COS)
- Eliminate Declining Block Rate Structure
- Eliminate Seasonal Demand Differential
- Align Commercial (General Service) Class with Peers & COS
- Implement New Rates January 1, 2024

Questions



REPORT TO: City Council

MEETING DATE: September 25, 2023

Agenda Item:	CC-23-149
Prior Council Action/Related Items:	Attached: CC-18-114, October 1, 2018: Approval for Needs Assessment CC-19-133, September 16, 2019: Approval for Meshek Agreement
Background / Issue:	• Since 1997, the stormwater fee has been a \$1 per month flat fee for residential structures. Commercial fees are based on an ERU (Equivalent Residential Unit) tier structure ranging from \$5-\$55 per month. • The current revenue generated from the fee is being supplemented by other City funds in order to perform critically necessary operations and maintenance work related to the Stormwater Program. • Additionally, stormwater capital funding primarily comes from the Transportation Sales Tax Fund in order to accomplish necessary stormwater infrastructure improvements. • October 1, 2018, City Council approved a funding allocation for the Needs Assessment Phase of the Stillwater Creek Watershed Management Plan. • September 16, 2019, City Council approved a contract with Meshek for the Needs Assessment Phase of the Stillwater Creek Watershed Management Plan, the scope of which included a Stormwater Fee Assessment. • The Fee Assessment was completed and the results and recommended rate increase were presented to City Council on November 30, 2020. At that time, no action was taken due to a moratorium on utility increases during the COVID-19 pandemic.
Proposal/Solution:	• Meshek's Fee Assessment recommendation has been reviewed by current staff. In August 2023, Meshek provided a presentation to staff of the final recommendations and studies completed, including the recommendation for a stormwater fee increase. This increase would allow staff to complete additional operations and maintenance tasks and provide additional funding for future stormwater infrastructure

	capital improvements. • Staff will present information and recommendations to City Council for consideration and guidance.
Financial Impact/Funding Source(s):	• A stormwater fee increase will provide increased revenue to the Stormwater Management Fund.
Related Strategic Priority:	#1 Effective Services & Accountable Government: to provide effective services and accountable government for all citizens by practicing fiscal responsibility, transparency and outstanding customer service. #3 Safe Community: To identify effective services that enhance relationships, responsiveness and quality customer service to promote a safe and secure community.
Recommended Action/Motion:	The presentation at this meeting is for informational purposes only.
Prepared By:	Zack Henson, Watershed Quality Manager
Reviewed By:	Candy Staring, Engineering Director
Submitted By:	Brady Moore, Interim General Manager
Attachment(s):	CC-18-114 CC-19-133 Stormwater Fee Assessment Presentation



Meeting Date: October 1, 2018

Agenda Item No. 8a (3)

Report No. CC-18-114

Status: General Orders

Purpose: Stormwater Capital Project Needs

Background Summary: Stormwater Services is a component of the Transportation and Stormwater Services Department. Services provided include technical assistance to Field Operations, technical support to Development Services, management of the design and construction of capital projects, receive and act on input from citizens and the management of the City's MS4 permit. Funding for stormwater comes from the stormwater fee. The FY 2019 budget for these services is \$152,179. The fee also funds portions of Development Services budget in the amount of \$60,000 + and funds operation's maintenance in the amount of \$151,000 +. Total FY budgeted amount is \$411,000. Revenue generated by the fee is \$306,000. Expenses exceed revenue by \$105,000. The excess is covered by the reserve in the account, which at the current rate of expense will be depleted in 2 years. The stormwater fee is a \$1 per month flat fee for residential structures. Commercial fees are based on an ERU (Equivalent Residential Unit) tier structure ranging from \$5-\$55 per month and it is capped at a maximum amount of \$55 per month regardless of the size of the property or its use. As noted above, the current revenue generated from the fee does not sustain current operations and maintenance costs, let alone capital improvements.

Capital project needs include a stormwater master drainage plan. Staff recommendation is for the plan to contain three distinct components. The first component is to review the existing stormwater fee, including its cap, current administration of flood plain management, drainage ordinances and MS4 administration and then recommend a fee structure, including manner of assessment necessary to provide the proper level of drainage facility management, review of development impacts on drainage, flood plain management, administration of the MS4 permit, other administrative functions, and funding of capital improvements. The second component is to determine hydrologic and hydraulic data on streams with at least 40 acres of drainage area inside the corporate city limits, assist City staff in inventorying the existing storm drainage system, determine deficiencies in the existing system to convey the appropriate discharge and recommend improvements to correct the deficiencies. Within the corporate city limits there are approximately 75 stream miles to be included in the Stormwater Master Plan. The third component would consider the drainage areas outside and upstream of the corporate city limits. There are about 300 stream miles in this area to be studied. That is about 4 times more drainage above the corporate city limits than within. Most of this area is not subject to development

regulations designed to reduce the impact of increase stormwater runoff due to the development. The real possibility for several decades in the future is that today's 100 year frequency event will be a 50 year event, which would result in improvements thought to be safe from flooding of higher frequency rainfalls would be subject to severe flooding. This component would help quantify the numbers and look at alternatives to protect existing improvements. In addition, detailed breach analysis and downstream flooding from a breach of Lake Carl Blackwell and McMurtry dams will be conducted. Cost of the three components of the master plan is \$1,500,000. This study could be phased in over 3-4 years with associated funding also phased. The first year funding would be \$500,000.

Stormwater drainage facility improvements include the following projects.

- Improvements to Duck/Miller and Miller/Main intersections. The improvements would consist of improving the channel carrying capacity beginning at West Boomer Creek downstream of Main St. and add new storm sewers along Miller Ave upstream to Duck with branch storm sewers going north west to Knoblock at Boone Pickens Stadium and south west to Maple and West. Cost of this improvement is estimated to be \$3,750,000. The improvements would reduce frequency of street flooding in the area and flooding of businesses in the area of the Main and Miller intersection.
- Improvements to 12th between Duck and Duncan. The improvements would consist of a box culvert storm sewer and inlets beginning at 12th and Duncan and proceeding west to the existing drainage channel between Duck and Duncan. The new box culvert would pass under 12th avenue in order for stormwater to discharge into the channel. The existing vertical alignment of 12th Ave. might be required to allow for the appropriate size box culvert. Cost of this improvement is estimated to be \$600,000 and would reduce severe street flooding and also flooding of three residential properties south of 12th including two which report having storm water entering the residences. In the future the box culvert could be extended north along Duncan to reduce street flooding in the west down area.
- Improvements to the existing drainage facilities beginning in the area of 6th and Orchard and extending to 3rd just east of Walnut and terminating about University and Monticello Dr. The improvement would consist of reconstruction of the existing system from 6th to 4th, the addition of additional storm sewer along 4th to Walnut and then north to University and then east to Monticello with a branch going east on 3rd for about 300 feet, the removal and replacement of existing storm sewer that is partially plugged and the reconstruction of portions of 3rd street and private drives. The cost of this improvement is estimated at \$1,500 000 and would reduce the frequency of the flooding of an 12 unit apartment complex on Walnut, flooding of residential structures on University, other residential structures on Walnut and Orchard, and flooding of parking lot on Walnut.
 - A stop gap project to reduce flooding of structures and potential loss of the downstream portion of the drainage system would be to repair and reconstruct portions of the system along Orchard, install additional inlets along 3rd, reconstruct the drive into the apartments along 3rd, additional inlets on University, and the removal and replacement of the clogged section of pipe between 3rd and University. Cost of this stop gap measure is estimated at \$120,000. This measure is compatible with the full project by going ahead constructing portions of the improvements now, which would reduce the cost of the future full improvement. This project could be funded from the existing balance in the storm sewer fee fund.
- Improvements to the Duck Creek north of 6th. This project was designed several years ago and would require minimal engineering to update and prepare construction drawings. The project

would construct a concrete channel for Duck Creek from 6th to Ridge and then a tributary from its confluence with Duck Creek downstream of 3rd to the existing storm sewer at 3rd Avenue. The cost of this improvement is estimated at \$5,000,000 and would reduce maintenance and reduce the possibility of residential structures in the neighborhood from flooding.

- Improvements to Babcock Basin southwest of 19th and Western. This project would improve drainage channels, storm sewers, and construct detention facilities in the area of 23rd and Summerlin Drive. The design for this project is also completed and would require minimum engineering to update and prepared construction documents. The cost for this improvement is estimated at \$2,250,000 and would result in the reduction of flooding of several residences and street flooding.

Alternatives:

1. Fund the first year phase of the Stormwater Master Drainage Plan, authorize staff to proceed with the stop gap plan for the Orchard to University project and allocate \$120,000 from the Stormwater Fee Fund and delay funding for the remaining projects until after the completion of the Rate Fee Study portion of the Stormwater Master Drainage Plan. Some of the proposed projects may qualify for grant funding and loans from Oklahoma Water Resources Revolving Fund. Staff is pursuing those possibilities. Please note that approving this alternative reduces the amount of funding available to fund existing stormwater services at its existing level by approximately 1 year.
2. Authorize staff to proceed with one or more of the projects and allocate funds for identified projects.
3. Authorize a combination of Alternatives 1 and 2.
4. Do not fund any stormwater capital projects at this time.

Recommendation: Staff recommends Alternative 1 to Fund the first year phase of the Stormwater Master Drainage Plan, authorize staff to proceed with the stop gap plan for the Orchard to University project and allocate \$120,000 from the Stormwater Fee Fund and delay funding for the remaining projects until after the completion of the Rate Fee Study portion of the Stormwater Master Drainage Plan. Some of the proposed projects may qualify for grant funding and loans from Oklahoma Water Resources Revolving Fund. Staff is pursuing those possibilities. Please note that approving this alternative reduces the amount of funding available to fund existing stormwater services at its existing level by approximately 1 year.

Prepared by: Monty Karns, Director Transportation and Stormwater Services

Reviewed by: Melissa Reames, Deputy City Manager / CFO

Submitted by: Norman McNickle, City Manager



REPORT TO: CITY COUNCIL

MEETING DATE: SEPTEMBER 16, 2019

Agenda Item:	8b. CC-19-133
Prior Council Action/Related Items: (Hyperlinks Or PDF)	CC-18-114 Stormwater Master Plan Item 8aiii Resolution 2018-20 Item 9b
Background / Issue:	In October 2018, City Council approved staff's request to begin a Stormwater Master Plan and approved the first year's funding; \$500,000 of an anticipated \$1.5 million over three years. The Council approved the second year funding of \$500,000 in FY 20 budget. In February, staff solicited Request for Proposals from Meshek & Associates, Guy Engineering Services, Gose & Associates and Dewberry. Proposals were received from Dewberry and Meshek & Associates. After staff received the proposals, Dewberry withdrew their response. On April 12th, staff met with Meshek & Associates to discuss their proposal. Based on the proposal and interview, staff proceeded with Meshek to negotiate a scope of services, fee and contract. Those negotiations are complete. Staff reviewed current and anticipated MS4 (Municipal Separate Storm Sewer System) permit requirements and determined an initial water quality assessment is needed and asked for those services to be included in the scope of work and fee. Meshek's proposed fee for the negotiated services is a not to exceed amount of \$675,163. Sampling and testing of the water from various streams will be done by the Oklahoma State University Environmental Science Graduate Program. An Intergovernmental Agreement has been executed between OSU and the City for these services for a fee of \$28,756. If the agreement with Meshek & Associates is not approved, the data collected by OSU will still be needed and utilized for MS4 permitting purposes.

	Moving forward, it is important to have an advisory committee and the following individuals have agreed to serve: • Rick Lane, National Resource and Conservation Service • Chris Reding, Payne County Commissioner for District 2 • Planning Commission Representative • Tricia Soderstrom, Stillwater Chamber of Commerce • Craig Spencer, Oklahoma State University • Paula Dennison, City of Stillwater • Zack Henson, City of Stillwater • Mark White, City of Stillwater • Monty Karns, City of Stillwater
Proposal/Solution:	The contract for professional services as negotiated will provide a foundation on which the City's long term goals for MS4 permit activities, capital improvement projects, open channel maintenance, floodplain and property protection projects, infrastructure inventory and maintenance, and an equitable funding mechanism on which the storm water utility fee can be based. The City of Stillwater currently contains four water bodies on the federal 303(d) list of impaired waters. The Master Plan will aid in the identification of current pollutant loads and pollution sources. The Master Plan will identify capital projects necessary to increase flood protection in designated Special Flood Hazard Areas, as well as areas outside of the floodplain known to experience localized flooding during heavy rain events. The Master Plan will also identify areas of concern outside of city limits that have the potential to negatively impact the City's drainage system and compromise the safety of residents. Included in the contract is a Stormwater Utility Feasibility study, which will identify the City's current level of service and compare it to the public's desired level of service.
Financial Impact/Funding Source(s):	The council has previously authorized \$1 million for the project. The proposed contract amount of \$675,163 and services with OSU for \$28,756 are within budgeted and authorized funds.

Related Strategic Priority:

#3 Safe Community: To identify effective services that enhance relationships, responsiveness and quality customer service to promote a safe and secure community.

#5 Quality of Life: To develop partnerships that create a high quality of life with equal access to services and amenities; strong and connected neighborhoods; and a healthy economy and business atmosphere that align with community values.

Alternatives:	Alternate 1: Approve the contract with Meshek for the negotiated scope of services at a not to exceed cost of \$675,163, approve the identified persons for the advisory committee, and authorize the City Manager to execute contract documents. Alternate 2: Approve the contract with Meshek for the negotiated scope of services at a not to exceed cost of \$675,163, approve the advisory committee with other members as identified by the Council, and authorize the City Manager to execute contract documents. Alternate 3: Direct staff to solicit proposals from other firms.
Recommended Action/Motion:	Motion to approve the contract with Meshek for the negotiated scope of services at a not to exceed cost of \$675,163, approve the identified persons for the advisory committee, and authorize the City Manager to execute contract documents.
Prepared By:	Monty Karns, City Engineering Director
Reviewed By:	Paula J. Dennison, Assistant City Manager
Submitted By:	Norman McNickle, City Manager
Attachment(s):	None

Stormwater Drainage Fee

Zack Henson, Watershed Quality Manager
September 25, 2023

What is Stormwater



- Runoff generated during rain events and snow/ice melts
- Direct correlation with impervious area
- As Stillwater grows, impervious area increases, generating more runoff

Presentation Agenda

- Drainage Fee History
- Current Rates
- Stormwater Needs
- Rate Calculations
- Potential Future Adjustments
- Recommendation

Drainage Fee History

- 1997 - Established a drainage fee to provide funding for drainage facilities and stormwater projects.
 - All *Residential* properties are billed \$1 per month
 - *Commercial* properties are billed based on amount of impervious area using an Equivalent Residential Unit (ERU) tiered structure.
- No change to fee since original 1997 rates.
- Increases considered in 2008, 2009, 2012, 2014, & 2020

Customer Class	Monthly Fee
Residential: 1 ERU	\$1
Commercial: 0 - 10 ERUs	\$5
Commercial: 11 - 20 ERUs	\$10
Commercial: 21 - 30 ERUs	\$15
Commercial: 31 - 40 ERUs	\$20
Commercial: 41 - 50 ERUs	\$25
Commercial: 51 - 60 ERUs	\$30
Commercial: 61 - 70 ERUs	\$35
Commercial: 71 - 80 ERUs	\$40
Commercial: 81 - 90 ERUs	\$45
Commercial: 91 - 100 ERUs	\$50
Commercial: >100 ERUs	\$55

Current Fees

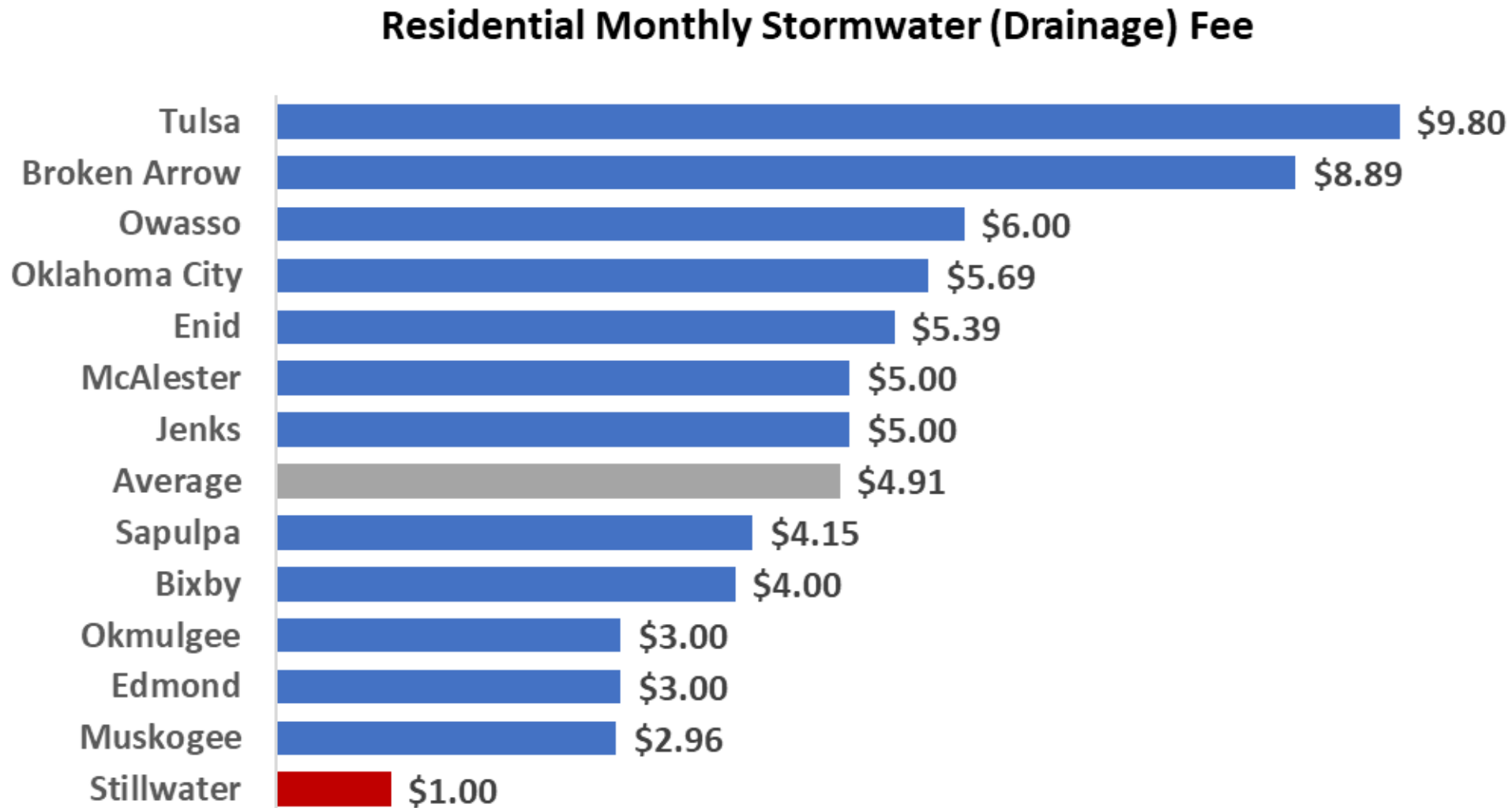
- On average, the fees generate \$310,000 per year
 - \$140K to the Stormwater Program: Municipal Separate Storm Sewer System
 - \$30K to Stormwater Operations (Public Works)
 - \$27K to Community Development
 - \$39K to Engineering
 - \$75K to Capital Projects

Comparisons to Other Cities

Stormwater Management Program – Utility Fee Schedule as of 2023				
City	Population (US Census Data 2020)	Residential per Month	Non-Residential per Month	ERU (or ESU) Equivalent Residential Unit
Stillwater	48,394	\$1.00	\$0.50 per ERU	5000 ft²
Muskogee	36,878	\$2.96	\$3.00 per ERU	2650 ft ²
Edmond	94,428	\$3.00	\$3.00 per ERU	4860 ft ²
Okmulgee	11,322	\$3.00	\$3.00 per ERU	4356 ft ²
Bixby	28,609	\$4.00	\$4.00 per each ERU	N/A
Sapulpa	21,929	\$4.15	\$3.51 per each ERU, min. of \$28.09, max. of \$1,000	2650 ft ²
Jenks	25,949	\$5.00	\$5.00 per meter	N/A
McAlester	18,171	\$5.00	\$5.00 per ERU	N/A
Enid	51,308	\$5.39	\$5.39 per ERU, min. of \$26.96	5000 ft ²
Oklahoma City	681,054	\$5.69	\$5.69 - \$658.92 (based on meter size)	N/A
Owasso	38,240	\$6.00	\$6.75 per ERU, min. of \$13.50	3000 ft ²
Broken Arrow	113,540	\$8.89	\$8.89 per each ERU	2650 ft ²
Tulsa	413,066	\$9.80	\$9.80 per each ERU	2650 ft ²

Stillwater

Current Rate Comparisons



Stormwater Needs

- Capital Projects
- Natural and Man-made Channel Maintenance
- Development Requirements
- Water Quality (MS4)
- National Flood Insurance Program (NFIP)

Capital & Maintenance Examples



Capital & Maintenance Examples



Capital & Maintenance Examples



Fee Assessment

- Stormwater Fee Assessment completed in 2020
- Council Presentation completed November 30, 2020
- Rate recommendations based on:
 - Identified Problem Areas
 - Capital Needs
 - MS4 Program Needs
 - Further Master Plan Studies
 - Floodplain Management Needs

Example Capital Projects

- Duck Creek Improvements: Admiral to 6th Ave.
 - Designed, unfunded
- Miller Storm Sewer Improvements: Campus to Boomer Creek
 - Partial designs, unfunded
- Babcock Basin Drainage Improvements
 - Designed, unfunded

Capital & Maintenance Needs

- Pre-Disaster Mitigation Grant – Boomer Creek Watershed
- Identified approximately \$55 million in capital needs (AVG \$2.5M per stream mile)
- Average applied to remaining watersheds yields an additional \$50M in potential capital needs

State Unfunded Mandates

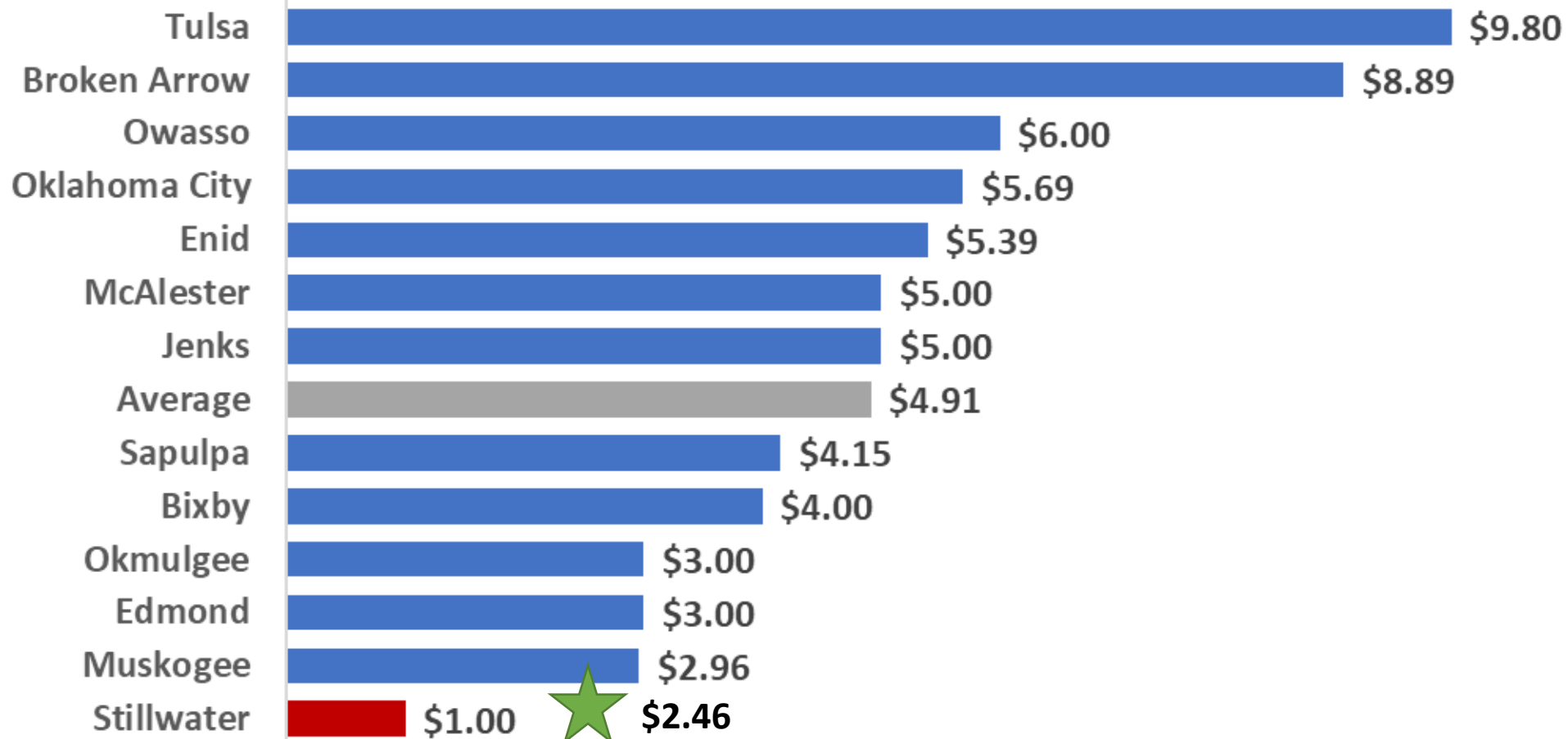
- MS4 Program (Municipal Separate Storm Sewer System)
 - Water Quality regulations from the Clean Water Act
 - Additional staff and vehicle needed
 - Water Quality Monitoring Program
- National Flood Insurance Program(NFIP)
 - *Water Quantity* regulations from FEMA for development and drainage system maintenance
 - Community Ratings System

Proposed First Step Increase

Customer Class	Current Rate Per Month	Proposed Rate from 2020 Study
Residential	\$1.00	\$2.46
Comm. Tier 1	\$5.00	\$12.28
Comm. Tier 2	\$10.00	\$24.56
Comm. Tier 3	\$15.00	\$36.84
Comm. Tier 4	\$20.00	\$49.12
Comm. Tier 5	\$25.00	\$61.40
Comm. Tier 6	\$30.00	\$73.68
Comm. Tier 7	\$35.00	\$85.96
Comm. Tier 8	\$40.00	\$98.24
Comm. Tier 9	\$45.00	\$110.52
Comm. Tier 10	\$50.00	\$122.80
Comm. Tier 11	\$55.00	\$135.08

Current Rate Comparisons

Residential Monthly Stormwater (Drainage) Fee



Future Potential Rate Adjustments

- Potential step or percent increases based on future Capital Improvement Plan
- Transition from Residential Flat Fee to Tiered Fee based on Impervious Area
- Consider potential exemptions for Public Schools, non-profits, etc.
- Consider rate reductions for low impact practices: rain barrels, rain gardens, use of pervious materials

Staff Recommendation

- Update the ERU value of 5,000 ft² to 2,500 ft²
- Update the residential flat rate to \$2.46; and
- Update commercial tiered rates per the consultants recommendation.

Questions?