

**BROKEN ARROW MUNICIPAL AUTHORITY
MINUTES
COUNCIL CHAMBERS
220 SOUTH FIRST STREET
BROKEN ARROW, OKLAHOMA 74012
March 17, 2015**

1. Call to Order

Section Minutes: Chairman Craig Thurmond called the meeting to order at approximately 6:49 p.m.

2. Roll Call

Present:	Johnnie Parks, Jill Norman, Mike Lester, Richard Carter and Craig Thurmond
Absent:	None

3. Consideration of Consent Agenda

Section Minutes: Chairman Thurmond asked if there were any items to remove from the Consent Agenda. There being none, he asked for a motion.

Motion:	Move to approve the Consent Agenda as presented
Motion by:	Mike Lester
Second by:	Richard Carter
Ayes:	Johnnie Parks, Jill Norman, Mike Lester, Richard Carter and Craig Thurmond
Nays:	None

- A. Approval of meeting minutes of February 17, 2015
- B. Approval of meeting minutes of March 3, 2015
- C. Approval of the Waste Management landfill tipping fee increase
- D. Approval of the Claims List

4. Consideration of Items Removed from Consent Agenda

Section Minutes: There were no items removed from the Consent Agenda. No action was required or taken.

Chairman Thurmond asked for a motion to recess in order to enter into the Broken Arrow Economic Development Authority meetings before returning for a lengthy presentation that had been prepared for General Authority Business on the Broken Arrow Municipal Authority Agenda.

Motion:	Move to recess in order to enter into the Broken Arrow Economic Development Authority meeting
Motion by:	Richard Carter
Second by:	Mike Lester
Ayes:	Johnnie Parks, Jill Norman, Mike Lester, Richard Carter and Craig Thurmond
Nays:	None

At approximately 7:02 p.m., Chairman Thurmond called the Broken Arrow Municipal Authority Meeting back to order.

5. General Authority Business

- A. Review, discussion and possible direction regarding water, sewer and stormwater rate increases for Fiscal Year 2015-16, as well as a summary of recommended increases from the Black and Veatch Rate Study, actual and projected revenues, existing and required fund balances, and an update on the utility system capital improvements and challenges

Item Minutes: Acting City Manager, Mr. Russell Gale, said that staff intended to present the progress during the first year relevant to the utility rate increases and review the capital improvements that have been contemplated for the next two years. Mr. Gale said that staff had also planned a review of long term improvements to the water and sewer systems.

Mr. Gale began his presentation by saying that Black and Veatch Engineering Consultants had been retained by the City to assist the City in analyzing the operations of the utility system and the development of a rate structure to adequately fund water, sewer, and stormwater services. He said in June of 2014, the Authority considered a five year rates structuring plan that provided for an annual rate increase for each year over a five year period. He said on June 2, 2014, the Authority elected to implement the rate increases that were proposed for fiscal year 2015 with a planned reevaluation of the rates in the spring of 2015.

Mr. Gale presented tables excerpted from the Black and Veatch Study. He said the rate increases were contemplated as a result of capital improvements to the water system.

Financial Director Mr. Tom Caldwell presented the Financial Comparison Rate Study Projections for Water, Sewer and Stormwater.

WATER

Mr. Caldwell pointed out the lower than expected totals projected for revenue by both the Rate Study and internal budget projections which he attributed to seasonal conditions. He said the other critical item to note for water figures was an increase of the debt service of 2.2 million because the Water Plant became operational in 2015.

He said another discrepancy was that the Rate Study had assumed that the City would issue \$10,200,000.00 in debt, however, the City had not issued any new debt service to date and issuance would not be considered until 2016 and 2017.

He also pointed out the differences in all three areas of the rate study for the budgeted amounts assigned to indirect costs which were the result of different methods of determination. Mr. Caldwell told the Authority that this issue had prompted an internal reevaluation of methods which he hoped to have in place before the next budget review.

Mr. Caldwell said the net income for water was expected to be about \$570,325.00. He said the only remaining issue that had yet to be determined was the distribution of capital outlay for projects and purchases for which there have been commitments.

Trustee Lester asked if there was a preference as to the timing for the capital outlay. Mr. Caldwell said that it would have the same effect if the expenses were incurred this year or in the next fiscal year.

SEWER

Mr. Caldwell noted that figures in the Comparison Rate Study were fairly close. He said that except for the rate change the consumption figures are fairly constant.

Mr. Caldwell said that at this time the rates were sufficient to pay for operation and maintenance costs for both water and sewer but the challenge would be covering the current debt service and loans. He said this would also be the case for any debt service in the future and capital outlays that are financed through utility rates.

Mr. Caldwell noted again that the Rate Study had assumed that the City would issue \$17,600,000.00 in new debt during 2015 and the City has not issued any to date. He said that this resulted in \$848,000.00 as a projection for increased debt service for 2015 and more than \$2,000,000.00 for next year.

Mr. Caldwell said the net income for sewer was expected to be about \$422,000.00.

STORMWATER

Mr. Caldwell said that stormwater was expected to lose about \$977,000.00 this year. He said that capital outlay would most likely remain about half of what had been budgeted for this year.

Mr. Gale said that while no Capital Improvements had been initiated to date, improvements were on the horizon. He said Mr. Daniels would review projects currently underway for the water utility and proposed improvements for fiscal years 2016 and 2017 for water and wastewater.

Utilities Director, Mr. Anthony Daniel, presented the proposed Capital improvements Projects to the Authority.

Ongoing water projects that are currently being completed or are in progress:

WATER FY 2015 PROJECTS

- Garnett Road water line relocation
- Kenosha water line project
- Kirk water line project
- Kenwood Hills booster pump station
- Main St - El Paso to Commercial water line
- Refurbish the 101st/Skaggs water tower

Trustee Jill Norman asked if the waterline for the Lynn Lane area was included. Mr. Daniel said that is the same line as the Kirk water line project.

WATER - FY 2016 CAPITAL IMPROVEMENT PROJECTS

- One 1.5 MG Elevated Storage Tank on south side
- Supervisory Control and Data Acquisition System
- 24" water line from 5 MG tank to city distribution system
- Drive - by Automated Meter Reading System

Trustee Lester asked if a location for the south side elevated water tank had been proposed. Mr. Daniel replied that it had not yet been determined. Trustee Lester asked for the general design of the tank. Mr. Daniel said that the proposed elevated tank would have a concrete pedestal and a steel tank.

FY 2017 CAPITAL IMPROVEMENT PROJECTS

- 16" water line from N. Orleans to Tucson to form a loop
- 24" water line on 9th St., from Waco to (1/4 mile W) Florence to form a loop
- 12" line along Tucson (121st) and 0.5 mile E. to 23rd St.
- 4.0 MG Concrete Storage Tank on Tiger Hill

TOTAL - FY 2016 is \$11.1 mil and FY 2017 is \$8.3 mil

Ongoing wastewater projects that are currently being completed or are in progress:

WASTEWATER FY 2015 PROJECTS

- Replacement of pumps at Easley lift station
- Replacement of two roofs at the LLWWTP; screening facility and grit building
- Replacement of damaged blower at LLWWTP sludge digester facility
- Improvements to the LLWWTP SCADA system
- Installation of bar screens at five lift stations
- Design of city wide SCADA system to monitor status of 33 pump stations
- Evaluation of the Oneta Road sewer lift station

Trustee Lester asked for the estimated cost of projects 6 and 7. Mr. Daniels said that 6 had been estimated at \$1.6 million and 7 did not yet have a cost estimate.

WASTEWATER - FY 16 CAPITAL IMPROVEMENT PROJECTS

LYNN LANE WWTP

- Replace two influent screens at headworks
- Improvements to sludge digestion system
- Refurbish one secondary clarifier unit
- Replace three defective isolation gates at headworks
- Replace two units of grit classifiers at headworks
- Plant effluent water reuse system

TOTAL FY 16 LLWWTP - \$ 4.86 mil

WASTEWATER COLLECTION

- Refurbish Oneta Road lift station
 - Upsize Elm Creek sewer trunk line
 - Aspen Creek relief line
 - Replace collection lines in Oak Crest Addition
 - Replace collection lines in East Haskell Addition
- WASTEWATER COLLECTION FY 16 - \$7.7 mil**
FY 17 - \$4.5 mil

HAIKEY CREEK WWTP (2015 - 2020) (BA's cost)

- Haikey Creek lift station phase 3
 - HCWWTP - a second flow equalization basin
 - HCWWTP - Design and construct an activated sludge aeration system to increase plant capacity
 - HCWWTP - Construct a maintenance building
 - HCWWTP - Structural improvements to grit facility
 - HCWWTP - Electrical improvements and transformer replacement with arc flash study
 - HCWWTP - Roof replacements at several buildings
 - HCWWTP - SCADA Improvements
- TOTAL HCWWTP - \$22.472 mil**

TOTAL FOR WASTEWATER - \$39.532 mil

Mr. Gale said that this presentation was intended to give the Authority an overview of the Capital Improvements that are needed at all three facilities, adding to that the infrastructure needs though out the City, the costs would run about \$59,000,000.00. He added that it had been anticipated that these projects would be started by 2016. He said that while some of the work could be funded out of the Capital Improvements Funds, the majority of the funding would need to come from some type of financing mechanism such as a loan though the Oklahoma Water Resources Board (OWRB) or through revenue bonds. He told the Authority that they could expect a Resolution in April 2015 which would summarize the anticipated funding so that staff could begin the process of seeking the loans.

Mr. Caldwell further explained that the Resolution would ask for the Authority to apply for the needed loan from OWRB and would include a list of the projects that would be funded by the loan. He said if the Resolution was approved by the Authority, then Municipal Finance Services would prepare the loan application. He said the Authority would be approached for the final approval. Mr. Caldwell said the process would take three or four months.

Mr. Gale asked when the debt service would begin. Mr. Caldwell gave details on a State Revolving Fund loan and said that typically the debt service would begin, in full, about two years after the loan was supplied.

Chairman Thurmond stated that the model used by the Consulting Firm, Black and Vetch, to arrive at the necessary rate increases was a very good model and could now be further refined with actual cost figures that would more accurately determine rate increases.

Mr. Gale said the numbers used by Black and Vetch to determine the rate structure were dated numbers versus what has actually been budgeted for the last fiscal year. Further, he said that some of the Capital Improvements anticipated during the study have been determined to be no longer necessary. Mr. Gale said that as a result staff suspected that the two tiered increases may not be necessary this year. He suggested that there were other ways to address the increased utility costs for the City. For example, instead of making substantial adjustments over a five year period the Authority could consider spreading the increases over a seven to ten year period with lower rate increases. He added that another suggestion had been to only increase the rate once a year rather than twice as in the two tier model.

Chairman Thurmond said that all present were rate payers and anything that could be done to lessen the burden of these necessary increases would be preferred. He said now that it was possible to supply real numbers to the rate increase calculations, it was important to be able to substantiate the rate increases to the citizens. Councilor Richard Carter agreed and added that once real numbers were applied to the model the Authority would be in a better position to determine whether or not to apply a rate increase in July. Trustee Lester said that long term maintenance had not yet been factored into the cost of the infrastructure and would be an important element to discuss. Trustee Carter agreed that it was disturbing to consider the many elements of the infrastructure that are fifty and sixty years old that were presented by Mr. Daniel. Trustee Johnnie Parks mentioned that water storage concerns were also a part of the infrastructure that needed upgrading as well.

Mr. Gale told the Authority that the City had retained the services of HDR Engineering Inc. to develop a long term water study to address the City's long term water challenges. He said that the study had been completed and the report was now in draft form and a presentation of that study would be scheduled for a future date.

No action was required or taken.

6 Executive Session

Section Minutes: There was no Executive Session. No action was required or taken.

7 Adjournment

Section Minutes: The meeting adjourned at approximately 8:05 p.m.

Motion:	Move to adjourn
Motion by:	Mike Lester
Second by:	Richard Carter
Ayes:	Johnnie Parks, Jill Norman, Mike Lester, Richard Carter and Craig Thurmond
Nays:	None



 Chairman

Attest:


 Secretary

