

**MINUTES OF THE  
SPECIAL JOINT WORK STUDY SESSION  
HELD BY THE MOORE CITY COUNCIL  
AND THE MOORE PUBLIC WORKS AUTHORITY  
MAY 19, 2009 – 6:30 P.M.**

The City Council of the City of Moore met at City Hall, 301 North Broadway, Moore, Oklahoma on May 19, 2009 at 6:30 p.m. with Mayor Glenn Lewis presiding.

*David Roberts  
Councilman, Ward I*

*Robert Krows  
Councilman, Ward I*

*Kathy McMillan  
Councilwoman, Ward II*

*Janie Milum  
Councilwoman, Ward II*

*Jason Blair  
Councilman, Ward III*

*Terry Cavnar  
Councilman, Ward III*

PRESENT: Krows, Blair, McMillan, Cavnar (arrived 6:38), Roberts, Milum, Lewis (arrived 6:43)  
ABSENT: None

STAFF MEMBERS PRESENT: City Manager, Steve Eddy; and City Clerk, Jim Corbett.

Vice-Mayor Roberts called the meeting to order prior to the arrival of Mayor Glenn Lewis.

**Agenda Item Number 2 being:**

RECEIVE A PRESENTATION FROM CAMP DRESSER & MCKEE INC. REGARDING THE REGIONAL RAW WATER SUPPLY STUDY FOR CENTRAL OKLAHOMA.

Steve Eddy, City Manager, advised that approximately a year ago several cities discussed the possibility of forming a trust whose objective would be to get additional water into the Oklahoma City metro area from southeastern Oklahoma around the Lake Sardis/Kiamichi River area. He related that the State of Oklahoma owns Lake Sardis but still owes money to the federal government. Several city managers met in Shawnee two to three years previously to discuss water issues following a drought. This resulted in an agreement to participate in a study of this water source, the feasibility of bringing it to Oklahoma City, and what costs are associated with it. Mr. Eddy advised that Camp Dresser & McKee engineers ("CDM") is a national firm that was selected to perform the water study. He then introduced Bryan Mitchell with CDM who would be giving a brief presentation to the City Council on the proposal.

Mr. Eddy indicated that he had hoped to have Satish Dasharathy with Eagle Consultants and Paul Smith the City's financial advisor present at the meeting to look at cost comparisons between the Oklahoma City contract and bringing Lake Sardis water to Oklahoma City. However, he stated that no conclusions had been reached as far as confidence in the numbers; although he hoped to be able to present the information within the next few weeks at a regular City Council meeting. He stated that after considerable discussion and thought, the next step would be to determine whether the City would become a full member of the Trust.

Bryan Mitchell gave a short overview of the State Water Plan and how the project would tie into the State's perspective on resolving some problems. He stated that the comprehensive water plan that was ongoing had a two pronged approach. There was a policy development side which includes local and regional input meetings and workshops to be attended by delegates assigned to represent the communities' interests. Then there is the technical study associated with the State Water Plan that was being performed by CDM.

Mr. Mitchell stated that the main discussion would be regarding the Regional Raw Water Supply Study for Central Oklahoma. The report is a means to identify shortfalls in the metropolitan area and how best to utilize resources in southeastern Oklahoma to solve the problem.

The cities participating in the study include Moore, Norman, Chickasha, Oklahoma City, Edmond, Midwest City, Shawnee, Seminole, and Del City. Also participating is the Central Oklahoma Water Resource Authority which represents most of the communities in Canadian County such as Mustang, Yukon, El Reno, Piedmont, Calumet, Union City, and Okarche.

The first water resource was constructed in 1919 at Lake Overholser, 1935 Shawnee Twin Lake 1, 1930 Shawnee Twin Lake 2, Wes Watkins 1990, Lake Hefner 1948, Lake Chickasha 1958 and Ft. Cobb 1959, Canton and Hefner 1948, Stanley Draper 1962, Atoka Pipeline 1964, Thunderbird 1965, Arcadia 1986, and McGee Creek 1987. In 1982 Lake Sardis came on line. The purpose of Lake Sardis when it was constructed was to be a water supply reservoir. There aren't many people in this area and the demand is in central Oklahoma City and the Tulsa metro areas. The focus of the study is how best to utilize this resource. The environmental and social constraints are much different today than fifty years ago. As part of the project they looked at ways to manage the lake level to ensure the local economy isn't negatively impacted by using the lake as a water source.

Mr. Mitchell advised that the study came from the collective needs of several communities. The cities came together and executed a formal agreement to participate in the raw water study. Each community bought into the agreement based on their population. It was roughly \$1 per person in the metro area. Each community had to decide whether to be a participant, a customer, or opt out. If they chose to be a participant they had to determine the ownership stake.

Five workshops were held with city managers and CDM to obtain information and feedback. The study included projected water demand. The communities expressed to them an amount of water they felt they would need long term. How much water beyond each city's ability do they feel they need to grow incrementally on ten year blocks up to year 2060. He added that Moore's situation is a little different than some of the other communities because we have a water contract with Oklahoma City.

Oklahoma City's water demand in 2010, plus the incremental growth of all the other cities, totals approximately 142 MGD. He added that the projected figure by year 2060 would be around 315 MGD. Mr. Mitchell said two important aspects arise from this curve. In approximately 2030 all of the resources permitted to the Oklahoma City Trust would be fully utilized. By that time any improvements to Lake Sardis must be made to allow resources to be moved into Oklahoma City.

He stated that a more immediate need is the Atoka Pipeline which was constructed in 1964 to connect Lake Atoka to the metro area. The pipeline is 60" in diameter and delivers a considerably large amount of water. However, by 2020 the infrastructure will have been used to the greatest possible extent. There is a delivery capacity issue that would result before water resource issues would become a reality. Therefore, the Atoka Pipeline would have to undergo large construction phases to become operational. In ten years, or by 2030, it is hopeful that Lake Sardis would become functional.

Mr. Mitchell advised that we do have other water source options besides Lake Sardis. The study looked into the best way to capture water and get it into the Atoka Pipeline system to make the water available to the metro area. They also looked into the best way to deliver the water to the other communities and the costs involved. Each option would require a considerable length of pipeline to get it to the metro area. However, this is a supply source that can take the metro area into 2060.

Mr. Mitchell indicated that a pattern was identified as resources came on line. Every 20 to 30 years municipalities have had to make some very big water decisions. This one is more unique because it is being done in a more unified manner. The next issue was how best to deliver water to the communities. Some of the communities have decided to move away from purchasing peak water to become a partner or participant in a bigger solution. The report covered costs involved and for purposes of the report it was assumed that it would be paid for by increased water rates.

Mr. Mitchell advised that there are obstacles involved in the plan. Water quality from Lake Sardis where there isn't a lot of industry, agriculture or people is very good. However, water would be transferred to federally owned lake Arcadia, federally owned lake Thunderbird, municipally owned Stanley Draper, and municipally owned Shawnee Twin Lakes. When water is transferred into a federal project from another basin a certain amount of environmental investigation must be done to ensure that the resources of the nation will not be negatively affected.

In the option to retrieve water from the Moyer area, which contains a free flowing river, there is an endangered species called the Ouachita Rock Pocketbook Mussel that makes its home along the Kiamichi River. It requires free flowing water to bring it nutrients to survive. In the Moyers option that is an environmental issue that would have to be dealt with. It does not mean Moyers would not be an option, only that extra environmental steps would have to be taken to show that the endangered species would not be affected. The Winged Mapleleaf Mussel and the Scaleshell Mussel are threatened species that also reside in the area. Mr. Mitchell discussed potential obstacles involving a variety of endangered species, including the American Burying Beetle, along the pipeline alignments between Atoka and Oklahoma City. There is a specific path chosen for construction of roads, power lines, or utility lines around this area. It is also the flight path of the Whooping Crane, and Piping Plover. The Interior Least Tern and Black-Capped Vireo have habitat along the alignment, and the Arkansas River Shiner resides in the river where the pipeline crosses over.

Cost categories were also discussed such as debt resolution on Lake Sardis, source alternatives, capital costs, transportation of the raw water from Sardis into the system, whether it needs to be treated, how to deliver the water into metro area, and possible operational costs.

Lake Sardis was built by the U.S. Army Corps of Engineers. The contract with the State of Oklahoma to resolve the debt has been in debate for a number of years. In order for the project to be facilitated State resolution of the Sardis issue has to take place. Mr. Mitchell indicated that his firm does not know the exact cost for resolution of the problem; however, for purposes of the water study it was estimated to be \$70 million dollars. To build a similar lake in the early 1980s would cost around \$38 million compared to today where it would cost in the hundreds of millions of dollars. The \$70 million figure was divided by how much water was needed from the lake for each community to determine cost.

Mr. Mitchell stated that the biggest cost is the Atoka pipeline. There are 110 miles between Atoka and Stanley Draper. The pipeline necessary to convey water for everyone would need to be 90" in diameter. It crosses a major river crossing and a series of pump stations. The general alignment conditions are cross country rural Oklahoma. It crosses through Ada and skirts around the remaining towns. The estimated cost for the pipeline was around \$1.08 billion. This is a solution that would serve a million people if everyone that participated in the study participated in the solution. It would also be a reliable water source for the next 50 years.

The following source alternatives and their costs were reviewed:

Lake Sardis to Atoka estimated at \$348 million  
Moyer's to McGee to Atoka estimated at \$312 million  
Highway 3 to McGee to Atoka estimated at \$408 million  
Hugo to McGee to Atoka estimated at \$456 million

Water treatment was considered and, for those communities that have water treatment plants, suggestions were made on what type of plant expansions would be necessary. They also determined what would be necessary at Stanley Draper if it was determined there would be one treatment plant for the entire project. They also calculated cost involved in bringing the water into a regionally owned treatment plant to get away from Oklahoma City having the treatment responsibilities.

Mr. Mitchell gave three options for water treatment:

1. Regional treatment at Stanley Draper - \$145 million
2. New regional water treatment \$350 million
3. Local treatment with raw water delivery \$379 million

The report also covered energy, maintenance, and water treatment costs.

Mr. Mitchell summarized the entire cost for capital costs only range from \$1.58 billion to \$1.91 billion dollars. This figure includes 50 years of improvements and stage water plan expansions.

The least expensive option for the City of Moore, which appears to be most favored by all of the communities in general, is to take water from Moyers Crossing to McGee Creek then to Atoka and finally to the metro area at a cost of \$150.5 million. This could be spread out through a 30 year bond issue and a follow up issuance in 2040.

Mr. Mitchell stated that in order to make this project functional by 2020 a lot of steps must take place between now and then. First the communities need to organize and determine who is in and who is out. Water rights need to be resolved. Environmental studies have to be initiated. The final route determined from source water into Atoka or McGee Creek. Finally, the process involved in constructing the project and getting it functioning by 2020.

He advised that communities had been discussing the formation of a Trust. Mr. Mitchell explained that his firm is not involved in this process and suggested that Mr. Eddy might have more information about this topic. Mr. Eddy indicated that the City of Oklahoma City had presented Moore with a draft Trust document with no particular deadline on a decision. However, the ultimate decision as to whether the City will opt in or opt out of the discussions would need to be made fairly quickly. The first step was familiarizing the City Council with the entire study. A meeting would be scheduled at a later date to look hard at the numbers in their study and numbers that Paul Smith and Satish Dasharathy are working on regarding the Oklahoma City water contract. Ultimately, this will give the Council the information needed to inform the City of Oklahoma City whether Moore will be involved in the Trust or not. Mr. Eddy added that he has had numerous discussions with the officials at Oklahoma City. They would like everyone's participation if for no other reason than there is strength in numbers in terms of the political process involved in getting the water rights into the metro area and to satisfy the hundreds of special interest groups involved in the process. Also, the more cities that participate the more there will be to share in the cost. However, he stated that Oklahoma City indicated they would not hold anything against Moore if we decide not to participate. He added that Oklahoma City intends to proceed with the plan regardless of the amount of participation. Mr. Eddy mentioned for purposes of the newer council members that

approximately two years ago Moore entered into a long-term water contract with the City of Oklahoma. There is around 38 years remaining on the contract. Paul Smith and Satish Dasharathy are working together to determine which option would be the most cost effective, either continuing with the long-term contract with Oklahoma City or participating in the Trust.

Mr. Eddy asked for questions or comments regarding the water study. Mayor Lewis stated that the pipeline would enter the Chickasaw and Choctaw land. He stated that in the Treaty of 1866 the water rights of the Kiamichi River were given to the Choctaws. Mr. Mitchell indicated that ownership of the water has been in debate. Mr. Eddy added that the Treaty is part of the political discussion that has not taken place yet.

Councilman Krows asked if Oklahoma City would hike rates for those communities that choose not to participate. Mr. Eddy stated that Moore has had a water contract with Oklahoma City for many years. He noted that Moore is Oklahoma City's largest customer and because of that they have been very good to us. However, Oklahoma City sets rates in advance by a rate study performed every three years. Currently, Moore pays around \$100,000 to \$150,000 a month for Oklahoma City water. We know for three years in advance what our rates will be. The rates have gone up 5% each of the past three years. Mr. Eddy added that if Oklahoma City pursues the project alone they will ultimately work the cost into their rate structure.

Oklahoma City has attempted for the past ten years to acquire the water rights for Lake Sardis. They have been unable to make that happen. There is some belief that if several cities band together there will be strength in numbers. The Tenth Circuit Federal Court ruled that taxpayers of the State of Oklahoma are responsible for the debt. The State of Oklahoma still has not paid the debt but ultimately someone has to pay for it.

Councilman Blair asked if the \$150.5 million cost for Moore would change if other cities opt out. Mr. Mitchell stated that some of the dynamics could change somewhat but it wouldn't change much. Mr. Eddy indicated that the number in the report was based on how much water Moore anticipated needing from the project. The assumption was Moore would get all of our water through this source and the well system would become our backup. Mr. Eddy explained that the figure started at 7 MGD in 2010 and by 2060 it was estimated to be around 10 MGD. That resulted in our share of the \$1.5 billion being around 10% or \$150.5 million. Mr. Mitchell advised that the only thing that would change the figure would be the pipeline size. Mr. Eddy indicated that when the numbers are obtained from Satish Dasharathy and Paul Smith the financing would be reviewed in more detail. But basically \$100 million would be due in 2020 and \$50 million would be due in 2040 if the City opted in. If Moore opts to participate in the Trust we would own a percentage of the water; however, it would still be delivered through Oklahoma City's system and would be treated by them. Therefore, we would still be paying Oklahoma City to treat the water and deliver it to us. Councilman Roberts asked if the cost would be cheaper if we were a member of the Trust or if we continued purchasing water under the current contract and opted out of the Trust. Mr. Eddy indicated that a clear conclusion hasn't been reached yet. To some extent there are still some questions that require answers before a decision can be reached. The City Council's purpose is to ensure that Moore can provide water to our citizens in the future. This is not the only alternative for water. The study was very focused in its scope.

Councilman Roberts asked how participation in the Trust would affect water rates. Mr. Eddy stated that the water study included information on the impact it would have on the City's water rates; however, he was not totally convinced that the information was accurate. Mr. Mitchell stated that the report stops at the tap for each community with the assumption that the level of maintenance stayed the same with no increase of power. The report had to be confined to the same set of standards. It would be difficult to project forward to 2060 because so many variables could change between now and then. They are talking in today's dollars.

Councilman Krows asked if the pipeline would be above or below ground. Mr. Mitchell indicated that he would expect the entire pipeline to be below ground. The existing Atoka pipeline easement is a three line easement so they can put the new line next to the existing one.

Satish Dasharathy asked if there would be additional pipeline right-of-way acquisition cost. Mr. Mitchell indicated that there would not be any additional acquisition for the Atoka pipeline portion, but new right-of-way must be obtained from the source alternative to McGee Creek.

Mr. Eddy envisioned this project as an option to insure that there wasn't a better deal than the Oklahoma City water contract. The Oklahoma City contract turned out to be a great decision because the City is purchasing water today at \$1.02 per 1,000 and selling it for \$2.75 per 1,000. Hopefully within the next few weeks solid information can be obtained and presented at a special meeting to help determine the best course of action.

Mayor Lewis asked if there were plans to utilize the land next to Draper Stanley. Mr. Mitchell indicated that West Elm Creek is still on the books but they have no plans to build it yet. Mayor Lewis asked if it would be a cheaper option that building a new pipeline from Atoka. Mr. Mitchell stated that it would be a receiving lake like Stanley Draper since there would not be a water shed to supply the water.

Mayor Lewis expressed his appreciation to Mr. Mitchell for his attendance at the meeting.

**Agenda Item Number 3 being:**

ADJOURNMENT

**Councilman Blair moved to adjourn the meeting, second by Councilwoman McMillan. Motion carried unanimously.**

Ayes: Krows, Blair, McMillan, Cavnar, Roberts, Milum, Lewis  
Nays: None

The meeting was adjourned at 7:14 p.m.

TRANSCRIBED BY:

---

RHONDA BAXTER, Executive Assistant

RECORDED BY:

---

JIM CORBETT, City Clerk

FOR:

---

JANIE MILUM, MPWA Secretary

FOR:

---

KATHY MCMILLAN, MEDA Secretary

These minutes passed and approved as noted this \_\_\_\_ day of \_\_\_\_\_, 2009.

ATTEST:

---

JIM CORBETT, JR., City Clerk