

NORMAN CENTER CITY PROJECT REVIEW COMMITTEE MINUTES

October 9, 2017, 10:00 a.m.

The Norman Center City Project Review Committee met in the Municipal Complex located at 201 West Gray Street on October 9, 2017, at 10:00 a.m., and notice and agenda of the meeting were duly posted at least 48 hours prior to the beginning of the meeting.

PRESENT: Mayor Lynne Miller, County Commissioner Harold Haralson, Jane Bowen, Keith Reed, Lisa Wells, Dr. Nick Migliorino, Becky Patten, Chuck Thompson

ABSENT: Erin Williford, Bob Thompson

STAFF PRESENT: City Manager Steve Lewis, City Attorney Jeff Bryant, Assistant City Attorney Kathryn Walker, Sarah Encinias, Dan Batchelor, Emily Pomeroy

Item 1, being: Call to Order

Chair, Mayor Lynne Miller, called the meeting to order at 10:10 a.m.

Item 2, being: Introduction of Members and Roll Call

Committee members took turns introducing themselves:

Lynne Miller - Mayor of Norman
Jane Bowen - Superintendent and CEO of MNTC
Becky Patten At-Large member
Dr. Nick Migliorino - Superintendent of Norman Public Schools
Keith Reed - Regional Director Cleveland County Health Department
Chuck Thompson At-Large member
Harold Haralson – Cleveland County Commissioner.

Dan Batchelor and Emily Pomeroy of the Center for Economic Development Law, development consultant to the City of Norman, also introduced themselves.

Item 3, being: Consideration and appropriate action to approve the minutes of the September 14, 2017, special meeting of the Norman Center City Project Review Committee

Mr. Keith Reed points out to the committee that he is listed as both present and absent on the minutes however he was indeed absent; all members concur to the correction. County Commissioner Harold Haralson moves to approve the minutes, as amended, and the motion was seconded by Dr. Nick Migliorino. Mayor Lynne Miller called the vote: all in favor and none opposed.

Item 4, being:

Presentation, discussion, and possible appropriate action on the proposed Norman Center City Project Plan, Eligibility Report, and Financial Impacts Report

As a review of the topic, Ms. Emily Pomeroy refers to a graphic chart in the Powerpoint presentation, attached hereto for reference, and reminds the Committee that when an increment district is established, the base assessed value is set. The taxes generated on those assessed values (the base) continue to flow to the taxing jurisdictions just as they would normally and anything collected above that then flows to the project. It is collected as increment and is used to fund authorized project costs. At the end of an increment district, all of the revenues flow to the taxing jurisdictions whether the increment district ends because 1) the authorized time frame is up, 2) the project costs are paid, or 3) the City chooses to terminate it.

Ms. Pomeroy then refers to the Center City Vision Project initiated by the City in January 2014. The project initially began as a discussion about development in the area and ended in the recommendation of a form-based code. The Center City Form-Based Code was then adopted in May 2017 by City Council. Before the end of the Vision Project and the adoption of the Form-Based Code, the Center for Economic Development Law was brought in to talk about what the development potential could look like in the Center City area. The firm Johnson & Associates analyzed the infrastructure in the area and compiled information that showed the existing infrastructure and what it would take in terms of improvements and costs to make those streets and public realm look like what is contemplated in the form based code. Johnson & Associates projected that the public infrastructure improvement costs would total an estimated \$44,000,000.

When the City adopted the Form-Based Code, the City also decided to explore TIF as an option to help fund these costs. Ms. Pomeroy went over the draft Norman Center City Project Plan with the City, and they formed this Review Committee. She summarized the proposed Project Plan.

The projected project costs are infrastructure improvements that are needed in the area so that this part of town develops consistent with the Center City Form-Based Code. The project plan creates Increment District #3 of the City of Norman and details the method of financing. The plan is drafted as an ad valorem increment district and it authorizes assistance in development financing which allows the private developer to put in the infrastructure that the City would otherwise put in. It then reimburses the City for its costs at a later date. Ms. Pomeroy further refers to the attached Powerpoint presentation.

Ms. Pomeroy refers to the Powerpoint presentation to outline how different types of buildings can generate more increment than others. Members were then asked to refer to the City Council Memorandum from May 11, 2017, which outlines how cost projections were reached.

County Commissioner Haralson asked if a percentage of the increment could be used instead of the full amount which would allow the schools to continue receiving more than the base rate in tax collections. Ms. Pomeroy states that this would not enable the project to be fully funded over the period of time required. Mr. Haralson also inquires if the City can use a sales tax portion as a source of funding. Mayor Miller states that this would not cover the cost of infrastructure that is going to be needed for the area.

Mr. Dan Batchelor then spoke about the importance of reinvesting in the Center City area now in order to keep it producing revenue for the City. Without reinvestment, the community would continue its outward migration from the Center City area and ultimately result in the loss of valuable residents and businesses. With this revitalization opportunity, not only would it bring the center area back to life, it would also stimulate the surrounding areas. The cost to reinvest in the area would substantially increase if the area is not improved now, which is why 100% of the increment would need to be devoted to project costs.

Mr. Haralson states that the County prefers to have sales tax involved in addition to the ad valorem that would be devoted to the project. Dr. Migliorino asked various questions about how this TIF would affect existing school funding and the group discussed options, with Dr. Migliorino ultimately agreeing that the new TIF would ultimately be beneficial to the Norman Public Schools system. Ms. Becky Patten asked for the specific amount the City would pay and Mayor Miller stated that although the cost projection cannot be considered a guaranteed amount, the City will commit to the infrastructure upgrades necessary to enable the project.

Ms. Lisa Wells expresses concern that the increase of growth could then not allow the library system to keep up if its funding doesn't also grow over the duration of the TIF. Mayor Miller answers this by stating that the actual TIF area is small however Center City improvements would positively impact the surrounding area, spreading the increase of value beyond the limits of the TIF area, and thereby increasing funding for the library.

The group then continued discussing infrastructure updates and members referred to the Draft Project Plan handout for information. It was explained that once a project plan was completed, the City would complete its infrastructure plan and carry the cost of the infrastructure improvements. Members requested that the City be more specific regarding its commitment to the costs it is willing to pay and City Attorney Jeff Bryant agreed that this could be done.

Mr. Keith Reed states as he looks at the infrastructure analysis, including proposed road diagrams, bike lanes, sidewalk improvements, increased connectivity and improved infrastructure that this will lead to improved community health. Although cuts are being made to his department on a State and Federal level, the potential to increase funding in the long term would be a positive thing.

Item 5, being:

Possible consideration and appropriate action to approve the Findings and Recommendation of the Norman Center City Project Review Committee

No action was taken on this item. The Review Committee requested that relevant information be further analyzed and the Project Plan be potentially further amended to include the inclusion of a sales tax increment component and the identification of at least \$1,000,000 of City funds dedicated to the project. Mr. Batchelor confirmed that the Review Committee can make such recommended changes to the draft Project Plan to the City for its consideration. He further stated that the Committee's recommendations would be incorporated into a draft to be provided to the Review Committee at or prior to its next meeting.

**Item 6, being:
Future Meetings Schedule**

A group email will be sent out to gather information for the next meeting availability.

**Item 7, being:
Other Business**

None.

**Item 8, being:
Adjournment**

The meeting adjourned at 11:50 a.m.

Norman Center City Project Plan

**Norman Center City Project
Review Committee**

October 9, 2017



**CENTER FOR ECONOMIC
DEVELOPMENT LAW**

Development Using TIFs

TIF is a financing tool to be used in areas where investment, development, and economic growth are difficult but possible if the Act is used

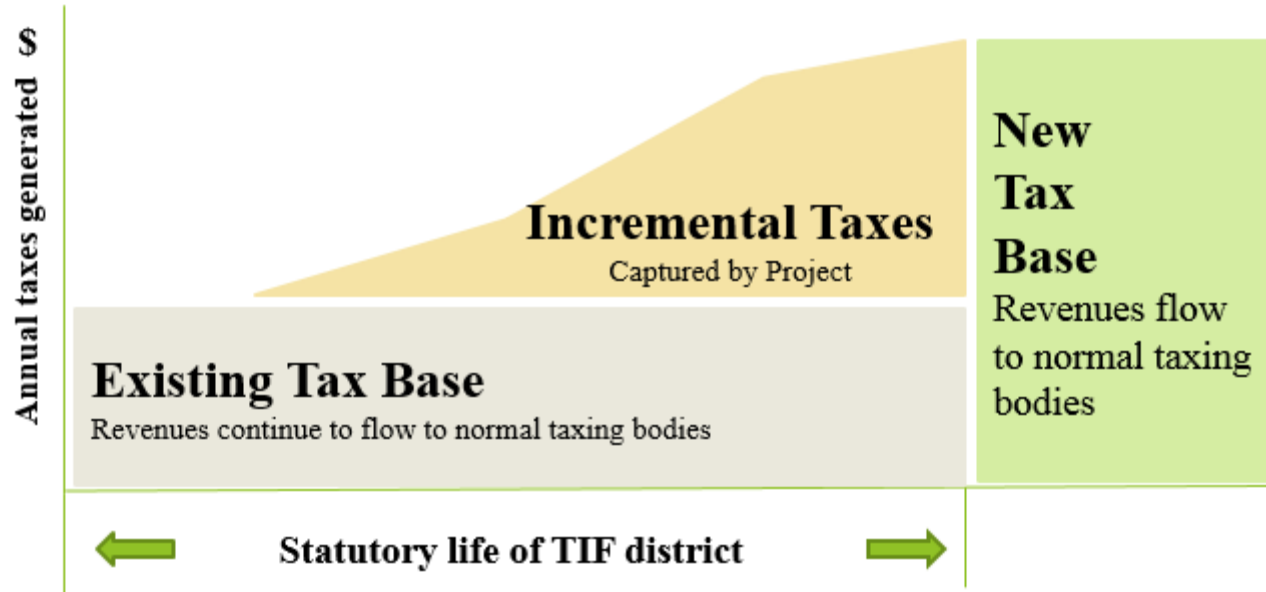
TIFs do not impose new taxes

What is a TIF?

A TIF allows a city to direct the apportionment of an increment of certain local taxes and fees to finance public project costs in order to stimulate development in an area

- The increment is:
 - the portion of the ad valorem taxes produced by the increased value of the property in the increment district as measured from the date the TIF is passed, and/or
 - the portion of sales taxes collected each year that are generated by the project

Value Generation and Capture



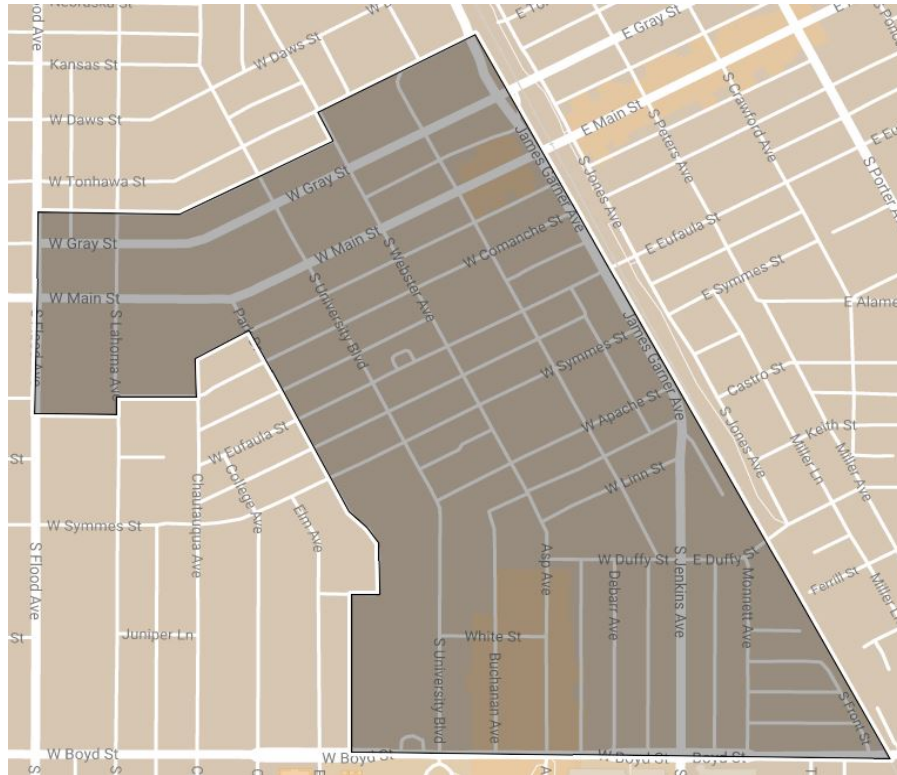
City Efforts to Date

- Center City Vision Project, initiated in January 2014, culminated in recommendation of a form-based code for Center City
- City engaged CEDL to analyze development potential under proposed CCFBC
- TIF Presentation to City – March 21, 2017
- Initial Infrastructure Analysis and Development Potential Presentation to City – March 28, 2017
- J&A Infrastructure Analysis – Completed, April 2017
- Development Potential and Increment Projections Presentation to City – May 16, 2017
- City unanimously adopted CCFBC – May 23, 2017
- City approved Resolution declaring the intent to consider approval of a Project Plan and appointing Review Committee – May 23, 2017
- By request of the Mayor, affected taxing jurisdictions designated Review Committee members – July, 2017
- Development Potential Analysis and Increment Projections – Completed, August, 2017
- Norman Center City Project Plan Draft Presentation to City Council – August 29, 2017
- First Review Committee Meeting to select three at-large members – September 14, 2017

Key Elements of Project Plan

- Boundaries
 - Project Area and Increment District are the same
- Project Costs
 - Infrastructure Improvements
- Creation of Increment District No. 3
- Methods of Financing
 - Ad valorem increment
 - City sources of funds
 - Assistance in Development Financing

Project Area and Increment District Boundaries



Authorized Project Costs

- Public Infrastructure Improvements to realize vision of CCFBC
 - \$44,000,000 – J&A Infrastructure Analysis
 - Includes estimates for:
 - public roadway and public alley improvements
 - water line improvements
 - storm sewer improvements
 - fiber-optic improvements
 - sidewalk/ADA improvements
 - streetscape improvements.
- Contingencies
 - \$3,000,000 – In the event of low estimates on cost of public projects
- Implementation and Administration
 - \$400,000 – City costs associated undertaking and implementing the Project Plan

Ad Valorem Increment Projections

- Key Findings
 - Urban Storefront and Urban General provide highest potential for increment generation
 - Pace of private development positively impacts increment generation
 - City identification of desirable front-end infrastructure improvements
 - Estimated total new investment: \$82,000,000
 - Projected annual ad valorem increment:
 - \$120,000 near term
 - \$3,700,000 long term

Role of the Review Committee

- Review Committee charged with making:
 - Finding as to **eligibility** of proposed project area and increment district
 - Finding as to **financial impacts** of proposed increment district on taxing jurisdictions and business activities
 - **Recommendation** to City regarding approval of proposed project plan

Where can TIF be used? – Eligibility

- **“Enterprise area”** – any area within a designated state or federal enterprise zone
- **“Historic preservation area”** – an area listed in the National Register and subject to historic preservation zoning
- **“Reinvestment area”** – an area requiring public improvements
 - to reverse economic stagnation or decline
 - to serve as a catalyst for retaining or expanding employment
 - to attract major investment to the area
 - to preserve or enhance the tax base or
 - in which 50% or more of the structures are 35 or more years old

Financial Impacts

Affected Taxing Jurisdictions

- Growth in and outside of the Increment District
 - Very small impacted area
 - Immediate benefit from spin off development outside the Increment District
 - Significant benefit after the termination of the Increment District
- Financial gain based on development activity and associated property value growth

<u>Taxing Jurisdiction</u>	<u>Currently Collecting and Will Continue to Collect</u>	<u>Will Collect upon Termination of Increment District</u>
• Norman Public Schools	~ \$71,000 annually	~ \$293,000 annually
• Cleveland County	~ \$114,000 annually	~ \$453,000 annually
• County Health Department	~ \$28,500 annually	~ \$113,000 annually
• Pioneer Library System	~ \$68,000 annually	~ \$269,000 annually
• Moore Norman Tech Center	~ \$170,000 annually	~ \$678,000 annually

- Additional Benefits
 - Infrastructure improvements that will benefit existing facilities
 - Enhanced accessibility, marketability, development potential, and impact of undeveloped County owned property in Project Area

Financial Impacts

Business Activities

- Development creates growth in business activities
- Temporary construction jobs
- Minimal permanent jobs at commercial and mixed-use developments
- Increase in residential units = increased household incomes in the area = increased spending in community
- More people living and working in the area → more demand for walkable, welcoming public realm → more demand for development → more business opportunities → more customers → better overall mixed-use district

City Consideration

- Review Committee Findings and Recommendation
- Planning Commission
 - Conformance with Comprehensive Plan
 - Recommendation – City approve Project Plan
- City provides notice and holds two public hearings before adoption
 - First public hearing – provide information and answer questions
 - Second public hearing – provide opportunity for those interested to express views prior to adoption
- City considers ordinance approving Project Plan and establishing Increment District

NORMAN CENTER CITY PROJECT PLAN

- Questions
- Comments
- Input