

## CITY COUNCIL CONFERENCE MINUTES

February 14, 2017

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a conference at 5:30 p.m. in the Municipal Building Conference Room on the 14th day of February, 2017, and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray, and the Norman Public Library at 225 North Webster 48 hours prior to the beginning of the meeting.

PRESENT: Councilmembers Allison, Castleberry, Chappel, Clark, Heiple, Holman, Karjala, Mayor Miller

ABSENT: Councilmember Hickman

Item 1, being:

DISCUSSION REGARDING RECOUPMENT PROJECT FOR COSTS ASSOCIATED WITH IMPROVEMENTS TO 12TH AVENUE S.E. BETWEEN CEDAR LANE ROAD AND OAK TREE AVENUE.

Mr. Shawn O'Leary, Director of Public Works, said the 2012 General Obligation Bond Program included eight major projects and five of the projects will be under construction and/or completed this year. He said tonight's presentation will be about 12th Avenue S.E. Bond Project and the project boundaries are State Highway 9 (SH9) and 12<sup>th</sup> Avenue S.E., north to Oak Tree Avenue and south to Cedar Lane Road. The project roadway improvements include widening from a 2-lane to a 5-lane road with a center turn lane; 7-lane intersection south of SH9; improved storm water system; continuous sidewalks on both sides; multimodal improvements including bike lanes; and SH9 and 12th Avenue S.E. intersection improvements. Mr. O'Leary said the 12th Avenue S.E. Bond Project will bid in May, 2017, and construction should begin in July, 2017. He said the construction timeline will be 9 to 12 months.

Mr. O'Leary said the City will only be recouping costs on one parcel of land should the parcel/property develop within the next 20 years. He said Parcel Two is the only undeveloped parcel in the 12th Avenue S.E. Improvements Project parameters and is located on the north side of SH9. The parcel contains a little over 20 acres of undeveloped property and is locally owned by the Madole Family.

Ms. Kathryn Walker, Assistant City Attorney, said Council adopted Ordinance O-9697-31 on February 11, 1997, to recoup costs associated with improvements to arterial roads and the City has done approximately 20 Recoupment Projects since 1997. She said recoupments only apply to unplatted properties because platted properties have already gone through the development process and a typical development process requires plat(s) to include easements, rights-of-way (ROW), public streets, and other public areas that must be dedicated to the City on the Final Plat.

Ms. Walker said developers must lay-out, grade, or improve all streets designated on the approved plat or that directly serve the subdivision in compliance with the standards and specifications of this Code. She said a plat cannot be filed until the developer constructs the public improvements or pays for deferral of public improvements.

Ms. Walker said a recoupment project is utilized when the road improvements occur before development and is designed to "level the playing field." She said recoupments apply to properties that have not developed (and dedicated the required easements and ROWs) at the time of the road improvements.

Ms. Walker said many times, property owners will donate the easement or ROW; therefore, they would not be included in the recoupment project.

Ms. Walker said if property is developed during a 15 year period, then the developer reimburses the City for those costs that would have been borne by the developer during the platting process. She said recoupment projects seek to correct the inequity created when a property owner is paid by the City for easements or ROWs but then develops the property.

Councilmember Castleberry asked whether the City would only repay property owners for the cost(s) of the easement(s) and/or ROWs and not for the actual costs of the improvements. Mr. O'Leary said generally yes, but not always. Typically, the costs on improvement projects are paid by utilizing bond funds and/or federal funds and the City would recoup anything not covered by those two (2) sources. He said it rarely happens, but there have been times when project costs have exceeded the bond funding and the City recoups the difference between what has already been funded versus what remains to be funded. Councilmember Castleberry felt it is not equitable for the City to charge the property owner(s) if the project costs exceed the bond funding. Mr. O'Leary said the theory behind recouping project costs is that the property/properties are really benefitting a great deal by the improvements because their property values and development potential increase; therefore, perhaps they should help compensate the City for some of the improvements.

Councilmember Clark felt the improvements project would actually be less expensive to the property owner(s) if the City performed the work, saving more money than if they (the property owners) had to pay for any improvements themselves. Ms. Walker said what the ordinance allows the City to do is recoup whatever the City pays for the ROW. She said if there are not bond funds available to pay for the project; the City could also recoup, proportionately, the cost of improvements from all the properties that abut the street being improved.

Councilmember Castleberry asked how the costs would be reconciled if costs for an improvement project are considerably greater than initially expected and Mr. O'Leary said this scenario does not happen very often; rather, just the opposite happens. He said most of the time the City would take the full costs of the intersection improvements as a Transportation Impact Fee (TIF) or deferral fee and many times the City obtains federal funds to pay for 50% to 80% of the project; therefore, the City would refund the portion the City did not need back to the developer.

Councilmember Castleberry asked whether a lien is placed on the property if the property/parcel is identified in a Recoupment Project and Ms. Walker said the resolution assessing the final costs gets filed of record so if the property transfers, the recoupment costs will be reflected on the title commitment.

Ms. Walker said Resolution R-1617-67 includes three steps as follows:

**Step 1:**

- ✓ Declare a Recoupment Project for costs associated with the 12th Avenue improvements.
- ✓ Applies to undeveloped parcels (Parcel 2 is the only undeveloped parcel).

**Step 2:**

- ✓ Upon completion of project, Staff will prepare a map and a list that shows the ROW costs attributable to each parcel as well as the property owners who donated easements that will not owe any ROW costs.
- ✓ The City is still in negotiations for Parcel 2 with no indication of donation at this time; condemnation may be necessary.
- ✓ The construction costs are over and above the bond proceeds and federal funds based on each parcel's linear foot frontage.

**Step 3:**

- ✓ Recoupment - If land is developed during the first 15 years, the property owner will pay those costs plus inflation/deflation in full. If the property is developed from years 15 to 20, costs will be reduced by 20% each year.
- ✓ If property owner does not develop in 20 years, no money will be owed to the City.

Mayor Miller asked why this particular improvement project is coming up at this time and Mr. O’Leary said the federal funding for this improvement project is available this fiscal year. He said there is always a delay period between bidding and allocating funds and Staff felt a May 2017 bid would secure the funds before they expired in September 2017.

Ms. Walker said Resolution R-1617-67 declaring a recoupment project for 12th Avenue S.E. between Cedar Lane Road and Oak Tree Lane will be an item on tonight’s agenda for Council consideration. Mr. O’Leary said a public hearing is included within the agenda item; therefore, property owners can attend the hearing and Staff will be available to answer any questions.

Items submitted for the record

1. PowerPoint Presentation entitled “Recoupment Project, Resolution R-1617-67,” dated February 14, 2017

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The meeting adjourned at 5:49 p.m.

ATTEST:

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City Clerk

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Mayor