

## CITY COUNCIL STUDY SESSION MINUTES

February 7, 2017

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a Study Session at 5:00 p.m. in the Municipal Building Conference Room on the 7th 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 24 hours prior to the beginning of the meeting.

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

ABSENT: None

Item 1, being:

DISCUSSION REGARDING CHANGE ORDER NO. FOUR TO CONTRACT K-1314-136: BY AND BETWEEN THE NORMAN UTILITIES AUTHORITY AND ARCHER WESTERN CONSTRUCTION, L.L.C., INCREASING THE CONTRACT AMOUNT BY \$2,828,517 TO ADD THE PHASE 2 MAINTENANCE ADDITIONS TO THE WATER RECLAMATION FACILITY PHASE 2 IMPROVEMENTS.

Mr. Ken Komiske, Director of Utilities, said on April 22, 2014, the NUA approved Contract K-1314-136 with Archer Western Construction, L.L.C., in the amount of \$48,822,550 for Water Reclamation Facility (WRF) Phase 2 Improvements to add disinfection services, expand the average daily design flow from 12 Million Gallons Per Day (MGD) to 17 MGD, and rehabilitate many existing processes.

Change Order No. One was approved by the NUA on September 8, 2015, to include several Contract Modification Requests (CMRs) and a time extension of 47 calendar days for final completion.

Change Order No. Two added owner directed CMRs to remedy maintenance situations or improvements not originally included in the project scope, added contractor related CMRs to remedy unforeseen conditions that were not included in the original scope, and added contract time extensions for unforeseen weather conditions encountered during the project.

Change Order No. Three added owner directed and contractor requested CMRs that were not included in the original scope of work and a contract time extension.

Change Order No. Four in the amount of \$2,828,517 will add four owner directed items of new work to remedy maintenance situations or add operational improvements not originally included in the original project scope. Archer Western will provide project management and construction administrative functions associated with the new work including office space, utilities, sanitation, vehicles, tools, supplies, and other expenses for the proposed nine month additional contract duration. The new owner directed items consist of removing and replacing two sludge boilers, sludge heaters, and recirculation pumps in the South Digester Complex with associated piping, electrical and instrumentation - \$1,044,392; removing and replacing two primary sludge thickener mechanisms at both the North and South Digester Complex with associated piping, electrical and instrumentation - \$706,903; removing and replacing one grit washer/clarifier unit at the headworks and install one new grit washer/clarifier unit with associated

Item 1, continued:

pipng, electrical, and instrumentation - \$766,396; and supplying and installing aluminum access platforms and supports for four new emergency generators installed at the Westside Lift Station, the Aeration Basins, the RAS/WAS Pump Station, and an area near the Environmental Services Building - \$310,826. All of the existing equipment was installed in 1965, 1988, or 2004, and have outlived their useful lives. Mr. Komiske said the additional equipment is essential to the operation of the WRF.

Councilmember Castleberry asked why it would cost more money to bid this out than use the existing contract and Mr. Kyle Gruger, Garver Engineering, said new specifications would need to be written, but Archer Western is already familiar with the specifications for equipment and materials thereby saving time and money. Councilmember Castleberry asked how Archer Western came up with the additional costs and Mr. Gruger said Garver Engineering submitted preliminary documents on what additional work was needed and Archer Western put a cost proposal together; however, Garver Engineering also prepared a cost estimate to compare with their proposal and were within 1% of Garver Engineering's cost estimates.

Councilmember Castleberry asked why these items were not requested in the original bid and Mr. Komiske said the original bid was based on a budget three years ago and these items were left out of the bid to be done after the project was completed. Since the bid was very favorable and the work needed to be done, Staff decided to add the work in a change order as opposed to bidding out the work after the project was complete.

Councilmember Allison said the work is needed and Archer Western has a very good safety record.

Councilmember Holman asked if there are any other items excluded from the original bid that might come forward and Mr. Komiske said no. Councilmember Holman asked when work will be completed and Mr. Komiske said November 12, 2017.

Councilmember Castleberry asked how much additional capacity will this facility give the City and Mr. Komiske said capacity will increase from 12 MGD to 17 MGD. Mr. Mark Daniels, Utilities Engineer, said that is equal to servicing approximately 20,000 households.

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Item 2, being:

CONTINUED DISCUSSION REGARDING CENTER CITY FORM BASED CODE PUBLIC INFRASTRUCTURE NEEDS AND ECONOMIC DEVELOPMENT INVESTMENT.

Ms. Susan Connors, Director of Planning and Community Development, said the initial idea of the Zoning Code was to separate uses and density so the form was not important to the zoning in Norman. Under the current zoning system there are commercial zoning categories that do not allow mixed uses "by right" so the City is always negotiating the parameters of special uses as they come through for approval. She said R-3, Multi-Family Dwelling District, allows increased density, but does not really address form and character, which has been an issue over the last couple of years. There are also various zoning categories sprinkled throughout Norman that were approved parcel by parcel without an overarching vision for the area. Most of the R-3 zoning areas are within the Center City Form Based Code (CCFBC).

Item 2, continued:

Ms. Connors said CCFBC discussions have focused on the Administration of the Application Process, the Regulating Plan, and the Building Form Standards in the various zoning frontages. In January, 2016, Council heard about redevelopment interest in the area as building permits were being requested and buildings were being razed to be replaced with structures utilizing a more intense use of property. Council approved an Administrative Delay of additional building permits and demolition in the core Norman areas on January 10, 2017, to maintain the status quo of redevelopment while giving Council an opportunity to discuss the CCFBC and other issues within the following six months.

Ms. Connors said CCFBC discussions have acknowledged that some level of incentive or financial investment by the City may be required to spur developer interest in redevelopment of this area in such a way that implements the vision of the CCFBC. The subject being discussed tonight is infrastructure needs and possible public investments to encourage the redevelopment effort.

The CCFBC recognizes that the area identified as Center City is a unique area of Norman. It promotes mixed use in certain locations, a broader range of housing options, and an improved connection between Downtown Norman and Campus Corner that will increase walkability, promote biking, and result in a “park once” environment. The CCFBC focuses on form rather than use to achieve these goals.

To help determine whether investors will be attracted to Center City to implement this vision, we must determine whether a market for this type of product exists to address diverse housing needs and provide housing that better connects Downtown Norman and Campus Corner. Ms. Connors said the key to this discussion is whether the potential return on investment is adequate to cover the development costs. Development costs in Center City should ideally include roadway (including alleyways) and sidewalk improvements, as well as water and sewer line upgrades to assure adequate capacity for the planned increase in activity. Additionally, parking structures will be necessary to achieve the “park once” environment promoted by the CCFBC.

Mr. Jeff Bryant, City Attorney, said Legal Staff consulted with the Center for Economic Development Law regarding areas in Oklahoma City that have redeveloped as mixed use. Oklahoma City’s key concern was whether or not the redevelopment would attract owners or renters, what type of uses should be allowed, and what the City is trying to achieve.

Mr. Bryant said CCFBC discussions have included the missing middle and what that is as well as the different types of housing that would be attractive to young professionals or retiree’s that would bridge between Downtown Norman and Campus Corner. He said there has been quite a bit of activity in the core area and investors have been willing to put money into the area.

Mr. Bryant said, on newer rental properties, developer/investors are receiving \$500 to \$850 per bedroom and \$1,500 to \$3,000 per unit. He said the different components on the cost of development include building costs, maintenance costs, and public infrastructure improvement costs. He said anytime there is redevelopment in an area that has been established for years, the public infrastructure cost is significant particularly when comparing that to a developer that might want to find a green field area, scrape it, and start from scratch. That type of activity usually results in more urban sprawl instead of more concentrated Center City redevelopment activity.

Item 2, continued:

Staff picked the block of Apache Street, Webster Avenue, and Sante Fe Avenue as a hypothetical example of what might be generated by the investment for public infrastructure. He highlighted the statistics for the block as twelve single family residential lots; two duplexes; three triplexes; three quadplexes; one seven unit building; and one commercial lot. The block was platted in 1890 consisting of 32 lots that were 25 feet in width, but the lot lines have not been well respected over the years as there are several structures that straddle lot lines. The market value of the block according to the Cleveland County Assessor's Office is \$2.18 million with ad valorem taxes in the amount of \$20,289. He said infrastructure cost estimates for streets, sidewalks and alleyways ranged from \$800,000 to \$1 million and water and sewer infrastructure cost estimates ranged from \$650,000 to \$850,000.

Councilmember Hickman said Ward Four citizens are not getting anything from this in-fill development. There is no re-platting requirement; therefore, there are no infrastructure improvement requirements. While the Administrative Delay is currently in place, when that ends in six months, if the City has not adopted some type of regulations, development will resume with demolition of existing single family homes to be replaced with duplexes, triplexes, quadplexes, etc. In his opinion, the City needs to take action and it will take public investment to make the Center City vision a reality. The frustrating part for Council is realizing that since 1890, the City has not been requiring developers to invest in Ward Four where there are old neighborhoods with old streets, old sewers, old alleyways, old sidewalks, etc. In new developments, developers are required to install or upgrade infrastructure and if the City had required that in the Ward Four neighborhoods, those streets, sidewalks, sewers, alleyways, etc., would be more comparable to other parts of the community.

Councilmember Hickman thought the Center City Visioning Committee recommended a Tax Increment Finance (TIF) District for infrastructure needs in core Norman. He said if the City decides on a TIF, there needs to be discussion on commercial versus residential areas. Mayor Miller said the Committee did not specifically recommend a TIF; they left incentives up to Council to discuss. Ms. Connors said the Committee did discuss a TIF, but felt Council should be the ones to make that decision. Councilmember Hickman said if there is a TIF, Council would need to discuss whether that would apply to the entire Center City area and/or portions of Norman outside of the Center City boundary, such as Porter Avenue. More importantly, Council needs to move forward with the CCFBC process of sending out notices of intent to the property owners and getting it approved by Council before the six month Administrative Delay expires and Mayor Miller agreed and suggested a public meeting. Ms. Connors said this is a zoning change and the City will have to follow the Zoning Ordinance change regulations. She said there are 625 parcels in the 42 block Center City boundary and 974 addresses so Staff will have to prepare an ownership list and prepare a legal description by lot. It might be appropriate to look at a public meeting as a pre-development meeting because there are regulations on notices for pre-development meetings, which can serve as notice for Planning Commission and pre-development. The deadline for the March Planning Commission meeting has been missed so another option for not waiting until the April Planning Commission meeting is to schedule a Planning Commission Special Meeting on March 30, 2017.

Councilmember Allison said he supports approving CCFBC, but not without having a TIF or other funding mechanism in place for public infrastructure improvements. He asked if Council is ready to commit to a TIF because, if not, Council should not move forward with the CCFBC.

Item 2, continued:

Councilmember Holman agreed public infrastructure should be a requirement for the redevelopment of core Norman, but even without redevelopment, there needs to be infrastructure improvements due to age of the neighborhoods. He is open to a TIF for public infrastructure investments and would like to discuss that further.

Councilmember Heiple said moving forward with the CCFBC is extremely important, but the idea of supporting one ward over another is not a good idea. He said compromises need to be made for Norman overall and not make this a ward specific problem. He asked if a better definition of mini fraternities/sororities could be developed to strengthen the laws to not allow them in the core area because most of the complaints in core Norman are due to the student oriented duplexes, triplexes, quadplexes, etc. Mr. Bryant said if the CCFBC is approved that would basically eliminate the R-3 Zoning in Center City which allows these types of structures.

Councilmember Castleberry said it is important for the TIF to be a property tax TIF. The property owners, not the developers or renters, will be paying for their own infrastructure. Councilmember Holman said property owners who rent their property will pass that cost onto the renter through their rent. Councilmember Castleberry said a TIF would basically be earmarking the revenue in this area for this area so it is important to realize the City is not really subsidizing other parts of Norman. He said new development would require public infrastructure, but a remodel would not so how would the City incentivize that? Mr. Bryant said the Administrative Delay expires in June so there is time to send out the notices and go through the process, but encouraged Council not to jump into it before they were ready. He advised Council to allow Staff to gather as much detail as possible in the timeframe allowed and bring that back to Council to determine whether a TIF or cost sharing arrangement or another option will get the results Council is wanting.

Councilmember Hickman asked if the City does not go with the TIF, does that mean the City will not do the CCFBC? He said the TIF follows a different process as it is a funding document that is not going to be part of the CCFBC regulations. Council can approve the CCFBC and approve the TIF at a later date that would provide the financing piece. Center City is a visionary plan that is not going to be something that spurs development, but if Staff wants to tie them together then that is a different discussion and the City will need to change the R-3 Zoning requirements to require infrastructure improvements for new development in an already developed area. He said they should make developers do everything they would have to do for new subdivision development because if the City is not going to approve the CCFBC then it is totally unfair to “practice as usual” in core Norman. Councilmember Holman said having the CCFBC in place would help address the development that is going to start as soon as the Administrative Delay has expired.

Councilmember Clark is in favor of moving forward with the CCFBC.

Councilmember Allison felt funding for infrastructure is important and needed to be in place before the CCFBC is approved.

Mr. Bryant said TIFs work best when they are approached as public/private partnerships and it is the development of that project plan that moves development forward. Councilmember Castleberry asked who the private partner would be and Mr. Bryant said the development group (developers). Mr. Bryant said Staff needs to determine how much infrastructure is needed in each block, the potential for redevelopment in each block, and crafting a project plan that can be funded through those increments.

Item 2, continued:

Once those details have been identified, Council can decide what type of funding mechanism would meet the end goal.

Mayor Miller felt everything needed to be moving in tandem because everyone believes some type of TIF is needed; however, there is some concern the TIF will not be created in time. Councilmember Castleberry said they have to go in tandem because if the City passes the CCFBC without a TIF they will have to put a building moratorium on Center City.

Councilmember Holman said every new development in the CCFBC will be more dense; however, just because there may not be as much interest now does not mean there will not be interest in the future.

Councilmember Heiple said the City needs to make sure to educate citizens on what the TIF is and what it is not.

Councilmember Allison asked if Norman has done a residential TIF district before and Staff said no. He agreed education will be very important and helping citizens understand the City's intention is not having large commercial businesses constructed in core Norman. Councilmember Allison said other cities have implemented successful Form Based Code communities and felt Norman could as well.

Councilmember Hickman said he plans to have Ward 4 meetings to discuss these issues with his constituents and the Mayor and any Councilmember is invited.

Ms. Joy Hampton, *The Norman Transcript*, asked if Staff could show the different types of TIFs available before one is chosen. She asked whether the public meetings will be scheduled before the CCFBC gets too far down the track and whether impervious surface is limited in CCFBC.

Items submitted for the record

1. Memorandum dated February 3, 2017, from Susan Connors, Director of Planning and Community Development, and Jeff Bryant, City Attorney, to Mayor and City Councilmembers
2. PowerPoint presentation entitled, "Center City Form Based Code, Public Infrastructure Needs and Economic Development Investments," Norman City Council Study Session, February 7, 2017

The meeting adjourned at 6:33 p.m.

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City Clerk

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Mayor