

CITY COUNCIL STUDY SESSION MINUTES

August 29, 2017

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a Study Session at 5:30 p.m. in the Municipal Building Conference Room on the 29th day of August, 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 Bierman,
Castleberry, Clark, Holman, Karjala,
Wilson, Mayor Miller

ABSENT: Councilmembers Allison and Hickman

Item 1, being:

DISCUSSION REGARDING THE NORMAN CENTER CITY TAX INCREMENT FINANCE DISTRICT PROJECT PLAN.

Ms. Emily Pomeroy said she is with Mr. Dan Batchelor with the Center for Economic Development Law (CEDL) and they are here to discuss the proposed Project Plan and Increment District that is being considered to help fund the public infrastructure improvements associated with the Center City Form-Based Code (CCFBC), which Council adopted on May 23, 2017. Also, on the same date Council approved a Resolution to establish a Statutory Review Committee and prepare a Project Plan consistent with the Local Development Act. She said each of the affected taxing jurisdictions has designated its member and the Review Committee is ready to schedule and hold its first meeting and the CEDL will discuss the prepared draft Project Plan.

As discussed in previous Study Sessions, the Local Development Act implements Article X, Section 6C of the Oklahoma Constitution and allows a city to implement a Tax Increment Financing (TIF) District. She said the TIF does not impose new taxes, it is a financing tool to be used in areas where investment and economic growth are difficult, but possible if the tools of the Act are used. A TIF allows a city to direct the apportionment of new revenues and finance public costs in order to stimulate development in an area. The increment is the portion of the ad valorem taxes produced by the increase of the property values due to the development in the area. She said the Act is included in the Project Plan and the Project Plan draft includes the required elements. She said the Project Area, which is where the increment may be expended and the proposed Increment District is the area from which the increment is generated. She said the Project Area and Increment District are the same area. She said the Project Plan establishes Increment District No. 3, an Ad Valorem TIF. She said the Project Plan project costs are based upon the Infrastructure Analysis prepared by Johnson & Associates (J&A) and presented by CEDL to Council in May. She said the Project Plan provides that the project costs may be funded and completed by the City or completed by private developers with project costs provided through assistance and development financing consistent with development financing agreements between the City and the private developers and/or the TIF Authority. She said the increment projections in the Project Plan are consistent with the ones presented to Council in May. She said the estimated total of potential new investment is \$82,000,000 generating approximately \$120,000 in annual increment in the short-term and up to \$3,700,000 annually in the long-term. She said the areas with dense development, which are the urban store front and the urban general, provide the highest potential for the generation of increment and the more development that

occurs in the frontend of the adoption of the of the Project Plan will positively impact increment generation over the life of the project. She said with the adoption of the CCFBC, the City has positioned itself well for smart and impactful development. She said the development potential facilitated by the CCFBC is significant, because of the clear direction and density requirements in the code. She said developing both in a form-based code area and in the center of cities means increased costs and increased difficulty. She said the TIF provides a tool to help offset those costs and the Project Plan provides a legal authorization, which can allow for those costs to be offset.

Ms. Pomeroy said the next step in consideration of the Project Plan is for the Review Committee to hold its first meeting. She said it is an organizational meeting where the Review Committee will select three members from a list of seven provided by the Chair of the Review Committee. She said the Review Committee will meet and review the Project Plan and are tasked with three things. She said the Committee will make a finding to the eligibility of the Project Area and Increment District, a finding to the financial impacts on the affected taxing jurisdictions and business activities within the Increment District, and a recommendation to the Council regarding approval of the proposed Project Plan. She said the next step is to decide to move forward. After the Committee recommends the Project Plan, the Planning Commission reviews the Project Plan for conformance with the City's Comprehensive Plan and the Review Committee will make a recommendation to Council. She said the Council provides notice and holds two public hearings. The first public hearing is opportunity for the public to comment and answer questions and the second public hearing an Ordinance can be adopted, if the City chooses, which adopts the Project Plan and establishes Increment District No. 3. She said it is CEDL's goal to analyze the project and pursue the adoption of the Project Plan before the end of the year and CEDL is working on a schedule that allows this to happen. She said the Project Plan incorporates the items presented to Council in March and May after further analysis of the Infrastructure Analysis.

Mayor Miller asked if it would be problematic for the Planning Commission to consider the Project Plan while the Comprehensive Plan was underway. Mr. Batchelor said this is one of the reasons the Project Plan goes to the Planning Commission to exercise judgment. He said if the Planning Commission has a concern about whether the proposed plan or strategy is going to fit in with the desires of the City, it could cause a negative or delayed recommendation or the plan could be modified. He said the Planning Commission is charged with a sense of what should be the planning direction of the community and should be able to give the recommendation. He said this is why the Statute provides this step in order for the Planning Commission's judgment and recommendation to be taken into account. He said changes in comprehensive plans might not have an effect on a development strategy focused on an older area in the community but that is for the Planning Commission to voice and give the Council their best judgment.

Ms. Pomeroy said with the recent adoption of the CCFBC it makes sense that the Planning Commission's review would be consistent with this plan. Mayor Miller said that is a good point and she thinks the CCFBC has been incorporated under what the Planning Commission is looking at.

Councilmember Castleberry asked if this is going to be pay as you go or will there be bond financing.

Ms. Pomeroy said the CEDL has explored different avenues that can move the project along.

Councilmember Castleberry asked if the project plan gives the Council all of those options.

Mr. Batchelor said this plan, if adopted, will give legally all of those options. He said the biggest challenge for an area like this, where you are not aware of what might develop next and do not know how quickly the incremental revenue streams will occur, is how and where are the revenue streams found to frontload some of the public improvements for the area. He said this authorizes the Council to do it, but the exact "how to do it" is a question that remains to be answered.

Councilmember Castleberry asked about the structure of it and the actual numbers.

Mr. Batchelor said the type of plan prepared as a result of these work sessions in the community and the study of the issues in these particular areas is called a strategic plan, which differs vastly from a project plan where there is a specific thing built and what you are trying to do is generate revenues from that new specific development. He said a strategic plan is intended to operate over a period of time providing the tools and the choices to accelerate development from a number of potential sources and especially in an area like this that tends to be among the slowest growth areas of a community. He said it is at a disadvantage economically compared to building on the green fields in the suburbs. He said it is more complicated and tends to be more costly to develop or redevelop in the core of the city. He said that is the reason why these tools need to be in place and it gives a series of opportunities as the potential developments present themselves.

Ms. Pomeroy said the way the project is framed allows for multiple funding options. For example, a funded project the City might want to do is finding multiple sources to get the project done. She said a great opportunity to potentially do public infrastructure improvements at a lower cost is when it is associated with a development. She said this would allow for the public infrastructure improvements to be done at the time of the development and with lower costs provided as assistance in development financing through a development agreement.

Councilmember Castleberry asked if the first year goes by and nothing happens and property taxes go up 3% from inflation would the growth still go into the fund. Ms. Pomeroy said that is right especially if it is adopted by the end of the year the City will benefit from the developments occurring right now. She said there is some opportunity for some funding increment, but the success of the project will depend on more development, more increment generated, and the better opportunity for a larger scale impact.

Councilmember Wilson asked who the Review Committee is and what do they do.

Ms. Pomeroy said the Review Committee is made up of representatives from the County, Norman Public Schools, Moore Norman Technology Center, and the Pioneer Multi-County Library System as well as a member of the Planning Commission. She said they each responded to the letter sent by Mayor Miller and selected their members with Mayor Miller serving as chair. She said she would like to use the opportunity to talk about TIF in the first meeting. She thinks those entities have an idea of what TIF means, but wants the opportunity to talk about the general aspects of taxing and financing and what they are trying to do in the Center City and at that time the Review Committee will select the list of three.

Councilmember Karjala asked for Councilmember Hickman, who is not present, what are the things that neighbors would be able to see and enjoy in the TIF area.

Ms. Pomeroy said the project costs contemplated in the current draft of the Project Plan are consistent with those in J&A's Infrastructure Analysis and that includes public roadway and alley improvements, water line and sewer line improvements, sidewalk/ADA improvements, fiber-optic improvements, and streetscape improvements. She said the items are included in the \$44,000,000 budget and authorized to be provided through assistance and development financing. She said because of the increasing cost of developers to come in and develop under the Form-Based Code system, it is an opportunity to help the developers bridge the funding gap that might occur.

Councilmember Castleberry asked if the City is limited to the \$44,000,000 maximum cost.

Ms. Pomeroy said the Project Plan would have to be amended in order to fund additional project costs with the increment financing. She said any TIF assistance provided would be through a development financing agreement with a particular developer. She said if a developer came to the City and wanted to do a development and needed help with the streets and infrastructure improvements required by the Form-Based Code, the City or the TIF Authority is authorized to enter into a development financing agreement that would provide for payment of assistance and development financing consistent with the project plan to fund those public improvements.

Ms. Pomeroy said each development financing agreement will provide the specific provision of assistance and development financing. She said there are a lot of different ways that can be done. She said the amount of assistance development financing can be based upon the amount of the private investment that is being made.

Councilmember Castleberry asked if the Council and the public will be able to look at each particular deal and Ms. Pomeroy said that is right.

Mr. Bryant said the development agreements will come back to Council for approval.

Councilmember Bierman asked Ms. Pomeroy to expand on the Ad Valorem Increment District being able to fund some but not all of the public infrastructure improvements and wants to know how they would envision that gap between what is likely to be brought in and the improvements Council would like to see made.

Ms. Pomeroy said the Infrastructure Analysis performed by J&A priced out the entire area block for block, street by street. She thinks that is the best case scenario when every block is developed or every street is redone, but does not know if that is realistic. She said if the project is fully built out, it can all be funded. She said the faster a good development is found, the more opportunity there is to finance costs, which will help with the long-term impact of the project.

Mayor Miller asked if there are any opportunities in this area to match the funding with other sources of funding, e.g., federal money, state money, grant money, or FEMA money.

Mr. Scott Sturtz, City Engineer, said Staff is always looking for those types of opportunities. He said there are sidewalk/ADA types of opportunities. He said they are currently working with ODOT and ACOG for the Main Street Streetscape Project. He said there are also funds to be utilized for intersection improvements, signalization intersection/roadway improvements.

Councilmember Wilson asked how the Council came up with this as the boundary.

Ms. Pomeroy said it is the Form-Based Code Area plus Campus Corner.

Mayor Miller said Council has not received agreements from all of the other taxing jurisdictions saying they are ready to go and that will be the next mission.

Items submitted for the record

1. Memorandum dated August 24, 2017, from Jeff Bryant, City Attorney, to Mayor and City Councilmembers; Center City Form Based Code Tax Increment Financing Project Plan
2. PowerPoint presentation entitled, "Norman Center City Project Plan", August 29, 2017
3. Memorandum dated May 11, 2017, from Emily Pomeroy and Cameron Brewer, to Norman City Council and City Staff; Norman Center City Form-Based Code, Infrastructure Analysis, New Investment Potential, Projected Ad Valorem Increment
4. PowerPoint presentation entitled, "Center City Form-Based Code Infrastructure and Development Analysis", May 16, 2017
5. PowerPoint presentation entitled, "Center City Form-Based Code Infrastructure and Development Analysis", March 28, 2017
6. PowerPoint presentation entitled, "Tax Increment Financing: A Valuable Tool for Economic Development", March 21, 2017
7. Center City Project Plan Draft, August 23, 2017

The meeting adjourned at 6:00 p.m.

City Clerk

Mayor