

CITY COUNCIL STUDY SESSION MINUTES

October 15, 2019

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 15th day of October, 2019, 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 Bierman, Hall, Holman, Petrone, Scanlon, Scott, Wilson, Mayor Clark
ABSENT:	Councilmember Carter

Item 1, being:

PRESENTATION BY MANAGEMENT PARTNERS REGARDING THE CITY OF NORMAN DEVELOPMENT REVIEW PROCESS IMPROVEMENTS.

Mr. Darrel Pyle, City Manager, said the City hired Management Partners to evaluate the City's development process for commercial, residential, and industrial development. He said this was a very involved process with a lot of participation from City Staff. He introduced Mr. Jerry Newfarmer, President and Chief Executive Officer, and Ms. Amy Paul, Corporate Vice President, of Management Partners.

Mr. Newfarmer said the purpose of the review process is to present the recommendations developed by City Staff and Management Partners to increase efficiency and customer friendliness of the development review process. He said tonight's topics will include methodology; analysis and process improvement; workshop goals and recommendations; and next steps. He said the development review process is one of the most complex business processes the City has because it involves multiple departments with different professional interests and responsibilities. He said because there are so many "hands in the soup" the complexity gets in the way so things just get bogged down over time and the development review process is a rare opportunity to fix that.

Mr. Newfarmer said Management Partners has 25 years of service exclusively to local governments; over 1,700 projects successfully completed; 100 plus associates including local government generalists and subject matter experts; three national offices in Costa Mesa and San Jose, California, and Cincinnati, Ohio; and serves 42 states across the United States. Management Partners services include strategic planning; organization analysis; organization development; process improvement; operations improvement; financial planning and budgeting; service sharing; performance management; facilitation and training; executive recruitment; and executive coaching.

Item 1, continued:

Methodology

Mr. Newfarmer said the Methodology for this project consists of the following:

- Analyze current operations,
- Create workflow process maps,
- Obtain feedback from stakeholders/customers,
- Gather comparative data from peer jurisdictions,
- Provide observations and recommendations for improvement,
- Facilitate decision-making improvement workshop, and
- Support implementation.

Mr. Newfarmer said Staff takes their responsibility seriously to implement the rules and regulations of the law they are required to implement so Staff has an enforcement responsibility. At the same time, the person obtaining the permit wants good, fast service. When Council adopts codes and policies, Council sets the parameters and it is Staff's responsibility to adhere and execute those codes with briskness, professionalism, and as much consistency as possible.

Workflow Process Maps

The "As Is" Workflow Process Maps, later to become known as Process Maps, are developed to include: Map 1 - High Level Commercial Permitting Process; Map 2 – Preliminary Plat; Map 3 – Final Plat; Map 4 – Building Plans Review; Map 5 – Public Improvements; Map 6 – Rural Certificate of Survey; and Map 7 – Short Form Plat.

Customer Interviews

Mr. Newfarmer said Management Partners tried to interview key selected users of the development process such as planners, architects, engineers, developers, etc., to individually understand what they think about the process, what they see that works well, and what they see that could be improved. He highlighted items that need improvement as review time taking too long, especially Fire reviews; commercial building permit approvals taking too long; customers cannot get a definitive answer about how long the process will take; City needing to provide consolidated comments instead of "bits and pieces"; City needs fillable forms online; City should allow online submissions by updating software; City should make sure all Staff in the development review process have access to development plans; Utilities and Public Works reviews sometime conflict so they should be talking to each other; City Staff goes "by the book" while other jurisdictions are more lenient; and rezoning is not getting done, which is a huge issue.

Item 1, continued:

Workshop Goals and Recommendations

Ms. Paul said the facilitated workshop process provided a briefing book to all Staff with results of all the work and developed goals with the Leadership Team; convened the Leadership Team and Staff to review goals; worked in small and large groups to review and revise process maps and develop recommendations to achieve the goals; developed specific action plans for recommendation; and delivered a presentation to explain recommendations to City Leadership Team.

Ms. Paul highlighted workshop goals as follows:

- Goal 1 – Estimate the time required to complete the development review process for commercial applications, including all reviews by every involved City department, and identify ways to reduce the total review time
 - Expanded the goal to include platting, final platting, rezoning and building permits.
 - Identify the role of Staff in each department in the multiple and varied phases of the development review process,
 - Identify baseline time standards for key functions and decision points.
- Goal 2 – Identify actions and tools to improve the user’s knowledge of fees associated with various types of commercial and residential development applications
 - Address customer service, specifically the ability to inform the customers about all potential costs.
 - Update the Development Handbook to include fees in single section and prepare sample fee calculations for various types of commercial and residential projects.
 - Identify process improvements to inform applicants about fees earlier in process.
 - Make it easier for potential applicants to estimate fees by application type.

Overall development review process recommendations include designating citywide oversight and management of the development review process to a single individual; updating Norman construction standards; implementing electronic application and plan submittal; generating a water meter work order when a building permit is issued; informing elected officials and member of boards, committees, and commission about the development review process.

Staffing and succession planning recommendations include conducting regular training for Staff about the various components of the process; paring tenured Staff with new employees to ensure that knowledge about their roles, responsibilities, and departments are passed along; developing a succession plan to address looming vacancies in key management and supervisory positions within the Public Works and Utilities Departments; and establishing and actively maintaining engineering related internships, recruitment, and apprenticeship programs with the University of Oklahoma, Rose State College, and Oklahoma City Community College.

Item 1 continued:

Workshop Goals and Recommendations, continued:

Inspection recommendations include providing assignments to inspectors at the end of the day and allowing inspectors to proceed directly to City vehicle lot to increase productivity; allowing inspectors to park their City vehicle at the closet fire station to their home and leave from there to begin inspections; assigning inspectors to geographic areas of the City rather than assigning inspectors randomly; changing the inspection cut-off time to 4:00 p.m. the day before an inspection is requested; clarifying the roles and responsibilities between Code Enforcement inspectors and others when non-permitted work is discovered in the field; improving the efficiency of the building inspection process; and coordinating the scheduling of final inspections on behalf of the customer.

Plan review recommendations include copying the property owner on all correspondence and communications from the City pertaining to development applications; requiring one or more sets of plans designated specifically for fire inspections unless the plans are electronic; coordinating meetings with Fire Inspectors to hold plan review meetings on other days besides Wednesday when the plans checks are supposed to occur; assigning a dedicated fire plan reviewer to supplement the work of the Fire Protection Engineer; ensuring there is space in the new permit center office location for at least one fire plan review workstation; creating system alerts and prompts that require a reviewer to enter and/or update the status of a permit application; and obtaining authority from the Oklahoma Department of Environmental Quality (ODEQ) for plan review primacy.

Customer service recommendations include consolidating the calculation and collection of development fees at a central intake point; developing a consolidated list of all possible fees that an applicant could incur for residential and commercial development, including fees associated with zoning, subdivisions, and public improvements; fully integrating the calculation of utilities fees into the total plans review and permitting charge; placing hyperlinks for the Development Handbook under the “How Do I” and “Quick Links” sections of the City’s website; creating a dedicated webpage for development services that includes information currently found on various separate website sections; conducting semi-annual meetings with the development community to review regulatory program changes and receive feedback about what is working well and what is not working in the process; conducting public outreach of the development community; developing a one page checklist of applicable development-related fees; creating online sample projects with sample fees; posting fee attributes on Geographical Information System (GIS) map layers; creating online fee estimates calculator; and creating a Staff position in the development center to serve as a first point of contact for applicants.

Item 1, continued:

Workshop Goals and Recommendations, continued:

Technology recommendations include using one system for the permit technicians and inspectors to avoid duplication of work and ensure all have the same data when discussing results; using responsive web design, converting the Development Handbook sections, forms, checklist, contacts, etc., to a mobile accessible platform; providing inspection scheduling software for applicants needing a fire inspection; and expanding the configuration of the recently procured permit tracking system to include management of civil engineering aspects of development projects.

Performance management recommendations include establishing and tracking cycle times associated with each development review type (commercial and residential) by review function (intake, zoning, subdivision, other land approvals, plan review, and certificate of completion/occupancy); developing performance measures to track efficiency, effectiveness, and the workload associated with development review functions; preparing and issuing a monthly report of key measures for internal review and use in identifying delays in workflow, aggregate review times, etc.

Mr. Pyle said many of the recommendations have already been met or will be met in the near future. He said once the Development Center has moved to its new location in the old Central Library building, there will be a “one stop shop” for development services. He said Staff has taken this process very seriously and would like to continue to meet with members of the development community to establish standard and timetables for realistic expectations. He said the City will do an annual letter grade of how it has met the standards moving forward.

Councilmember Wilson said as an entrepreneur she tends to draw plans on the back of a napkin or something and asked if those opportunities will still be accepted by the City. Mr. Pyle said there are building code requirements where calculations come into play that may require more in depth work and the Staff position in the development center who will serve as a first point of contact for applicants will help with these types of situations.

Councilmember Wilson asked how the community will be educated about the development process and Ms. Paul said pre-development meetings will be an important first step. Mr. Pyle said the Communication Officer is preparing an educational campaign to begin once the Development Handbook has been updated.

Councilmember Scott said it is great to expedite the development process and optimize Staff time. She said the new software being proposed will be helpful and asked about the cost of that software. Mr. Tim Powers, Director of Information Technology, said software and website implementation in the amount of \$6 million was budgeted two years ago and additional costs are not expected at this time.

Item 2, continued:

Councilmember Bierman said she was more focused on an existing business locating in an existing building rather than the process of constructing a new building although she sees the value in being comprehensive with the entire process. She has received numerous complaints from the public regarding different inspectors applying different standards or having two businesses in different parts of one building being asked to do different things for obtaining their Certificate of Occupancy (CO). She did not see anything in the performance management recommendations that alluded to tracking the standardization of the application of the rules. Ms. Paul said there is nothing explicit in the performance measurements but a performance checklist will help with consistency. She said there has also been Staff changes that will definitely help with that. She said a regular customer survey can also keep the City informed of issues.

Mr. Pyle said during the development review process, the City heard complaints of one inspector requiring something while a different inspector required something entirely different so that is being addressed by Staff. Mr. Newfarmer said it takes management commitment to ensure consistency, which is a continuing issue that needs to be planned and prioritized.

Councilmember Scanlon said the dialogue during the process has been intense and the onus is now on the City to work on these recommendations. He asked how Management Partners is going to assist the City over the next six months and Mr. Newfarmer said Management Partners will be available to respond to questions and provide counsel and assistance as needed.

Mayor Clark thanked the City Manager for his willingness to dive into this project and looks forward to what occurs over the next six months. She said this has been an issue that has needed to be addressed for quite some time and appreciates Staff and Council has not shied away from that challenge.

Items submitted for the record

1. PowerPoint presentation entitled, "City of Norman Development Review Process Improvements," prepared by Management Partners dated October 15, 2019

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Item 2, being:

DISCUSSION REGARDING THE AMENDED AND RESTATED MASTER OPERATING AND DEVELOPMENT AGREEMENT FOR THE UNIVERSITY NORTH PARK TAX INCREMENT FINANCE DISTRICT PURSUANT TO THE AMENDED AND RESTATED NORMAN UNIVERSITY NORTH PARK PROJECT PLAN DATED AS OF JUNE 30, 2019.

Ms. Kathryn Walker, City Attorney, gave a brief history of the University North Park Tax Increment Finance District (UNPTIF) and said an ordinance was adopted by Council on May 23, 2006, to create the UNPTIF. She said the Project Plan set forth the authorized project costs up to \$54.725 million.

Item 2, continued:

Ms. Walker said Project Plan components included traffic and roadway improvements; Hotel Conference Center and Cultural Facilities; Legacy Park; Lifestyle Center; and Economic Development. She said implementation over time has consisted of the adoption of separate contracts that include a Master Operating Agreement; six Development Agreements; a Master Financing Agreement; and an Economic Development Agreement.

Several options have been explored that consist of allowing the UNPTIF to expire naturally, changing increment allocation, repealing the UNPTIF without developer cooperation/agreement, and working cooperatively with UNPTIF developer to end the TIF effective June 30, 2019. Ms. Walker said although the City can repeal the ordinance establishing the UNPTIF District, there are outstanding contractual obligations that cannot be rescinded or repealed by one party to the contracts without the consent of the other parties.

Ms. Walker said in order to repeal the UNPTIF Ordinance with agreement with developer would include addressing outstanding project costs and agreements to avoid possible exposure to liability, but achieves the goal of ending the increment by June 30th. She said approximately \$15 to \$17 million is available through June 30th for project costs; however, approximately \$25 million is remaining in authorized projects costs.

Related Council actions to date include the following:

- On January 22, 2019 - Council requested a Statutory TIF Committee review of Council's proposal to use UNPTIF funds for a recreational complex;
- March 26, 2019 – Council expressed a desire to enter into binding agreements for early termination of UNPTIF, directing Staff to negotiate settlement of all outstanding matters, and adopted a Memorandum of Understanding (MOU) outlining framework with the primary developers to determine how to address the City's desire to end the UNPTIF early through appropriate contract amendments and any needed Project Plan amendments;
- May 14, 2019 – ratified auditor selection and appropriated funds for special audit of UNPTIF funds;
- June 11, 2019 – adopted the FYE 20 budget based on assumption that UNPTIF sales tax increment would end effective June 30, 2019; and
- June 25, 2019 – directed Staff to prepare Project Plan amendments and final Development Agreement(s) consistent with the Term Sheet adopted with Resolution R-1819-124.

Tax Increment

Ms. Walker said the MOU/Resolution/Term Sheet recognized a target end date of June 30, 2019, and a target end date after collection of 2019 ad valorem tax assessment. The Development Agreement recognized that sales tax apportionment will end effective June 30, 2019, and ad valorem tax apportionment will end on the earlier date of collection of 2019 assessments or April 30, 2020.

Item 2, continued:

Traffic and Roadway Improvements

Ms. Walker said funding in the amount of \$5,024,394 is provided via the 2019 Project Plan for the remaining traffic projects (Robinson at West I-35 Drive/Crossroads Boulevard; Tecumseh Road and Flood Avenue and 24th Avenue; Tecumseh Road and Interstate Drive East; and Tecumseh Road and Interstate Drive West). As outlined in the previously approved term sheet, the 2009 Traffic Impact Analysis for the UNPTIF affirmed the need for the specific traffic projects in the Project Area and confirmed that if the development went forward as planned, those specific improvements should be sufficient to handle the traffic at a Service Level of “D.” If the development plan changes, the developer of new lots will be treated like other developers in regards to traffic improvements. Additionally, as stated in the Term Sheet, the requirement in Development Agreement No. One (DA1) that the developer would pay for any of the listed traffic projects in excess of \$11.5 million is waived. The listed projects completed to date have cost almost double their 2006 estimate set forth in DA1. The scope and cost of these projects has changed, in some cases, dramatically, over the years due to development in this area of Norman.

Recreation Facilities

Under DA1, the agreement recognized Council action in January 2019, in which Council requested the Statutory Review Committee’s approval of the City’s use of funds set aside in the Project Plan for a “Cultural Facility” as a supplement to planned NORMAN FORWARD recreational facilities, including the Indoor Aquatic Center and Multi-Sport Facility. In the MOU approved by Council in March, the parties agreed to determine if some or all of these recreational facilities would be located within the UNP area. Ultimately, Council chose to locate the two NORMAN FORWARD Projects in the UNP area, just north of Embassy Suites. Under this agreement, \$5,154,762 in UNPTIF funds are set aside for the recreational facilities land acquisition (donation of two acres and sale of an additional ten acres to the City for \$2,069,971). The agreement recognizes the final site selection within the parcel north of Embassy Suites and south of Rock Creek Road will be informed by design of the project and obligates the parties to work together to select a final specific site for acquisition by March 31, 2020, with closing on the land anticipated to be in June 2020 or upon issuance of construction bonds. Construction of the facilities is expected to begin by January 1, 2021, with the facilities opening in 2022; however, there is a buy back clause if construction does not begin as scheduled.

Ms. Walker said the agreement also recognizes the provision in the adopted Term Sheet and the 2019 Project Plan for funds in the renamed Recreation Facility category of \$350,000 to offset the anticipated annual contributions by Norman Public Schools (NPS) to the operation of the Indoor Aquatic Facility and \$2,734,791 as a construction supplement for the Recreation Facility component.

Item 2, continued:

Legacy Park

The agreement modifies the Legacy Park component in recognition that the Norman Tax Increment Finance Authority (NTIFA) still owes \$75,000 in obligated UNP Business Improvement District (BID) contributions. Additionally, \$175,000 was allocated in a previous development agreement for surface parking at Legacy Park. The parking lot has been designed and the project has been bid. The remaining funds in the Legacy Park category under this proposal is \$250,000. Obligations related to repayment of Legacy Park costs based on Lifestyle Center development have been deleted as set forth in the adopted Term Sheet.

Town Center

Ms. Walker said the agreement, consistent with the adopted Term Sheet and the 2019 Project Plan provides that the developer can access Lifestyle Center (now “Town Center”) funding if the following criteria are all met by the proposal:

- Costs are needed to support retail or entertainment development in the area previously designated as the Lifestyle Center;
- Costs are needed to support a retail or entertainment user not already located in Norman;
- If the costs are associated with a retail user, then anticipated retail sales of at least \$300 per square foot (for stores larger than 10,000 square feet) and \$400 per square foot (for stores 10,000 square feet or less) must be demonstrated based on past performance in communities with similar demographics to Norman;
- If the costs are associated with an entertainment user, then no minimum sales per square foot standard applies; however, the user must present an entertainment option that does not already exist in Norman;
- Parcel Development Plan must incorporate urban design elements of walkability and connectivity, as determined by the Architectural Review Board (which will stay in place even with the end of the increment); and
- The user must either purchase land or sign a three-year lease.

The agreement sets a deadline to receive Town Center funds of June 30, 2026. As set for forth in the adopted Term Sheet, the associated penalties in prior development agreements for failure to construct a Town Center by June 30, 2023, or June 30, 2026, if incorporating urban design elements are waived.

Item 2, continued:

Economic Development

The final component is the Economic Development Project costs. The developer has agreed to purchase the Corporate Center office space land for a negotiated price that at a minimum would cover the outstanding debt for the Corporate Center office space piece as well as the Advanced Manufacturing land (around \$3.3 million). Ms. Walker said because the City would no longer need funding to pay off the Norman Economic Development Coalition (NEDC) loan, the amount in the Economic Development category is reduced to \$1,425,000 in this agreement and in the 2019 Project Plan. The agreement addresses the rights of the first refusal of IMMY as well as certain development requirements to ensure quality jobs are provided through the development. Other previous requirements related to the economic development component generally remain intact.

Ms. Walker said the remaining City and UNPTIF obligations include appoint members to the Oversight Committee; reviewing development submissions; considering Development Agreements where needed; moving forward with design and construction and authorize financing for traffic/roadway improvements and Recreation Facilities; complying with development requirements; considering Development Agreements where needed; preparing/submitting designs for public facilities included in the Town Center costs; and cooperating in contracts.

There are also miscellaneous provisions that include the following:

- Parties will cooperate in good faith to perform obligations under the Agreement(s);
- Development Oversight Committee remains as set forth in Amended Project Plan;
- Property will be developed in accordance with Planned Unit Development (PUD), City of Norman regulations, and Architecture Review Board (ARB);
- Release from obligation to cooperatively master plan undeveloped areas;
- Covenants will remain in place – if amended, the City will cooperate with amendment process;
- ARB will continue and City will not be required to approve changes to Design Guidelines;
- Special Audit – funds in the amount of \$256,048 will be transferred to NTIFA;
- Payment Process; and
- Regular Audits.

Mayor Clark asked if the City will lose money in this process if backdated and Mr. Anthony Francisco, Director of Finance, said since June 30, 2019, the City has continued to make apportionments of sales tax to the UNPTIF Trustee so if the amended agreement is approved, September and October apportionments will be reimbursed.

Councilmember Scott said the Association of Central Oklahoma Governments (ACOG) is refiguring their formula structure and the City may receive more funding in 2020 and she wants to make sure the Robinson Street and Crossroads Project will be done. Ms. Walker said the ACOG formula has been revised, thanks to the Mayor and her work with ACOG, and when received, money will be allocated to the Robinson Street Project.

Item 2, continued:

Councilmember Bierman said if funds are available in the Capital Budget, why does the City need funding through the UNPTIF? Mr. Francisco said Council previously expressed concern about the “safety” of the federal matching funds for the Crossroads Boulevard/Robinson Street/I-35 Project and that being high priority. He said if the City was not successful in obtaining the federal funds Council wanted to set aside funds in the Capital Fund to make up for the federal portion of that project. He said the City did not appropriate those funds, but a fund balance was set aside; however, Staff is fairly confident the federal funds will be available and the City will not need to appropriate funds out of the Capital Fund for the project.

Councilmember Bierman said if federal funds become available and the City will not need the funds set aside in the Capital Fund does that mean the City does not need the funds set aside in the TIF Funds for that project as well? Mr. Francisco said no, the funds from the TIF have been appropriated and are the City’s local share of the project.

Councilmember Bierman asked who would qualify to access the entertainment incentive. What if she has the best idea in the world that will cost \$5 million and \$1 and she has the \$1 and the entertainment venue is unique to Norman and has never been in this area before, can she claim the incentive? Ms. Walker said if someone owns property in the Lifestyle Center or has a contract for property in the Lifestyle Center then yes, they can request the funds, but it will most likely be the property owner requesting the incentive. Councilmember Bierman asked if it is safe to assume the \$5 million will only be available to a select group of people who already own property or are planning to purchase property from some else and Ms. Walker said the property owner or a retailer the property owner has a lease with or a retailer that has agreed to purchase the property could request the incentive.

Councilmember Bierman asked what value does the City get from not requiring Council action on the use of the funds and Ms. Walker said it is not necessarily a value to the City, it is a value to the developer. She said that was one of the developers negotiated terms in agreeing to reducing that incentive amount from \$8.25 million to \$5 million.

Councilmember Bierman asked the definition of “unique to Norman” or “new to Norman” and how does future Council or City Manager’s decide whether or not a project meets that definition. Ms. Walker said it is an entertainment option not already existing in Norman, i.e., the City would not want to incentivize another bowling alley. She said the reason the focus was pivoted to entertainment is because entertainment is seen in successful developments. She said because of the ability to shop online there needs to be something that will draw shoppers to the community and create community centers, which is not just retail any more. Councilmember Bierman said her concern is the translation of information from one City Staff to another or from one Council to another. How will future Councils or City Manager’s apply that same standard and use that same line of thinking? Ms. Walker said Staff and the developer tried to apply guidelines that were flexible enough to anticipate future projects that have not been thought of yet. While guidelines should be specific, they should not be so tight that when something great comes along that may not meet the guidelines it is disallowed from receiving the incentive.

Item 2, continued:

Councilmember Bierman said she is not comfortable not having Council approve an incentive in that amount. She said there is a similar issue with the definition of a “Cultural Facility” and now the City is just changing the name and hoping no one notices the marble has been moved under another shell.

Councilmember Bierman said she would like to know what defines a minor and inconsequential change to an amendment plan versus a major change. Ms. Walker said under the Local Development Act (LDA) a major change is typically a change of 5% of the total \$54 million originally agreed upon.

Councilmember Scott is concerned that the definition of entertainment is so ambiguous that someone could bring back an “arena” project and wants to clarify that definition and narrow it down. Ms. Walker said if a development does not meet the criteria, the developer can come to Council with a development agreement, which gives Council the option of incentivizing that project. She said changing the terms of the Term Sheet adopted in June would be difficult at this time, but that language is also part of the amended Project Plan that has been recommended for approval by the Statutory Review Committee. Also, an arena proposal would be a change to the PUD, which would require Council approval.

Councilmember Petrone asked what a Town Center is and Ms. Walker said a Town Center is a walkable, connected area with retail, hotels, and entertainment with urban design.

Councilmember Petrone asked if the \$5 million can be used in conjunction with a NORMAN FORWARD Project and Ms. Walker said no, the Project Plan identifies the location of the Town Center, which is roughly between Crest Food Market and Embassy Suites.

Councilmember Petrone asked who was responsible for coming up with a regional draw and Ms. Walker said that was part of the Lifestyle Center/Conference Center objective as well as some of the more general components of the original Project Plan. Councilmember Petrone asked if there is a threshold dollar amount for the incentive and Ms. Walker said no, the development would just need to meet the criteria. Councilmember Petrone said basically anyone that owns property in UNP or leases property for up to three years can obtain the incentive.

Councilmember Bierman shares Councilmember Petrone’s concern about not having a minimum project value because someone can still come to Council if they do not meet the requirements and ask for the incentive. She said there should be some disqualifying factors and a minimum project value should be one of them. She is also frustrated about the usefulness of public hearings if no changes can be made to the plan and Ms. Walker said changes can be made to the plan with a super majority vote of Council to override what the Statutory Review Committee reviewed. Councilmember Bierman would have preferred this type of discussion take place in a public setting before being forwarded for review by the Statutory Review Committee.

Item 2, continued:

Councilmember Bierman asked what exactly Staff was asked to do, what was the first ask or offer in the negotiations, what were the major trade points, and what were the developers and the City totally unwilling to compromise on? Ms. Walker said Council actions guided the negotiations with the first being requesting the Statutory Review Committee review the use of Cultural Facility funds for a recreational complex. In February and March, Council requested negotiations with the developer to end the TIF. She said the first offer from the City was a severe cut to the Lifestyle Center to \$1.5 million because Staff knew the developer would not agree to eliminating it altogether. Councilmember Bierman asked why would they not be okay with the price cut if the Lifestyle Center was not going to be built and Ms. Walker said the developer believes they can build something in the Lifestyle Center area and have a viable project, but it would require financial assistance. She realizes citizens have a discomfort in using TIF Funds for developers so public infrastructure seemed to be a good balance. She said in January, Council was looking at North Base property for the Recreation Facilities and that property had higher development costs, similar acquisition costs, but would need additional funding. She said in February, the developer sent a letter suggesting the City look at locating the NORMAN FORWARD Recreation Facilities within the UNP instead of North Base so that is how that agreement came about.

Councilmember Bierman asked if there is any room in the language being presented tonight to use economic development funds for land acquisition for NORMAN FORWARD Projects in the UNP and Ms. Walker said no, because economic development has been looked at from the inception of the project as quality jobs and bringing quality employment opportunities to Norman. She said NEDC has taken a severe cut in available funding under the Project Plan primarily because they were able to sell the Corporate Center property. She said there is enough money to pay interest costs, incentives for IMMY approved by Council in 2016, and items related to quality jobs.

Councilmember Petrone asked how much the City actually owes in outstanding contracts and Ms. Walker said the City has obligated to pay for roadway and traffic improvements, Lifestyle Center incentives, etc., but the argument from the developer has been and will be that all of these things did not happen in a vacuum and there was consideration for a number of different actions based on implementation of this Project Plan and all these agreements reference those prior transactions. She said those transactions include selling Ruby Grant Park to the City at half of the market value, donating Legacy Park to the City, donating the Conference Center land to the City etc. The argument is that all the development agreements are tied to a broader consideration for the Project Plan implementation. Councilmember Petrone asked which development agreements have not been fulfilled and how much does the City owe? Ms. Walker said there is around \$2 million in DA3 obligated for public art and enhanced landscaping; DA4 has been fulfilled; DA5 obligates \$8.25 for the Lifestyle Center incentives; there is language in DA5 regarding the Cultural Facility funding; DA 6 authorized up to \$770,000 for quality jobs incentives for the IMMY project; and there is an economic development agreement that authorized the expenditure of all \$8.25 million in economic development funds and the City has spent around \$4 million.

Item 2, continued:

Councilmember Petrone asked about roadway improvements and Ms. Walker said the City has spent most of the \$11.55 million outlined in the Project Plan.

Ms. Walker said project costs have been way over budget and cost more than what was contemplated in 2006 and there is an argument that the project plans have changed significantly.

Councilmember Petrone said if Council decided not to pass this agreement would it end up costing less money and Ms. Walker said the City would still spend every bit of what it has collected and then the apportionment would continue until December of 2020 when obligations were fully funded. She said there would be an impact to the 2020 and 2021 budgets as well. Councilmember Petrone asked if the Cultural Facility could just be deleted and Ms. Walker said that would be a major project amendment that would have to go back through the statutory review process and she did not know how the other parties would feel about that. She said Council directed Staff to look into using those funds for the Recreation Facilities and land acquisition costs can greatly, negatively impact the project budgets.

Councilmember Petrone asked if the City has supplied additional funding of non-NORMAN FORWARD fund for other NORMAN FORWARD Projects and Mr. Francisco said not to his knowledge. Councilmember Petrone asked if other NORMAN FORWARD Projects have had budgets cut and Mr. Francisco said no, but the scope of projects have been altered in order to remain within budget. Councilmember Petrone asked if the Senior Center was budgeted in NORMAN FORWARD and Mr. Francisco said no, at the time NORMAN FORWARD was adopted there were no funds budgeted for the Senior Center.

Mr. Francisco said the UNPTIF area has the funds available to attract regional draw projects and Council has determined the Recreation Facilities to be regional draw projects that qualify for supplemental funding.

Councilmember Scott is concerned about what happens if the proposed agreement is not passed, what does that mean for the City's budget and Mr. Francisco said what the City received for passing this agreement is the ability to stop apportionment of sales tax from UNP. He said in his mind this overrides everything, it is \$4 million to this fiscal year's budget and \$2 million to next fiscal year's budget. Councilmember Scott said if this agreement is not approved, there will be a budget deficit so what does that mean for City services? Mr. Francisco said difficult decisions will have to be made, services will have to be cut, fund balances will be drawn down, and there will be major ramifications if the budget that was prepared based on ending the UNPTIF is not accomplished.

Councilmember Petrone asked what happens in the General Fund Budget when that particular line item is not fully funded. She said when Westwood Golf Course funding is in the red, how does that shortage get paid and Mr. Francisco said there have been some fiscal years when the Westwood Enterprise Fund has been subsidized from the General Fund.

Item 2, continued:

Councilmember Petrone asked if Capital Funds can be transferred to the General Fund and Mr. Francisco said not for operations. He said the General Fund is the most fiscally stressed fund and the sales tax being apportioned is not an expenditure, it is a revenue to pay for all the expenditures. He said if that revenue does not come in then difficult decisions on the expenditure side will have to be made.

Councilmember Bierman asked at what point in this fiscal year does the City reach the make or break point and Mr. Francisco said if all projections are exactly right, the available fund balances will be extinguished in February or March 2020.

Councilmember Holman asked what existing UNPTIF funds can be spent on in the entire City of Norman and Mr. Francisco said the funds can only be used for authorized projects within the UNP. Councilmember Holman said if Council rejects this deal can the City use TIF funds to fund the public transportation system and Mr. Francisco said no. Councilmember Holman asked if the City can use UNPTIF Funds to fund police or fire services in Norman and Mr. Francisco no.

Items submitted for the record

1. Memorandum dated October 10, 2019, from Kathryn Walker, Interim City Attorney, to Honorable Mayor and Councilmembers
2. Amended and Restated Master Operating and Development Agreement dated as of June 30, 2019
3. Norman University North Park Amended and Restated Project Plan with Exhibit A, University North Park Project Area map; Exhibit B, University North Park Project Area Legal Description; Exhibit C, University North Park Tax Increment Finance District aerial map; Exhibit D, University North Park Increment District Legal Description; Exhibit E, Zoning of University North Park Project Area map; Exhibit F, Norman 2025 Land Use Plan University North Park Project Area map; and Exhibit G, Site Marketing Plan - Composite
4. PowerPoint presentation entitled, "K-1920-82," Study Session dated October 15, 2019

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The meeting was adjourned at 7:51 p.m.

ATTEST:

City Clerk

Mayor