

CITY COUNCIL STUDY SESSION MINUTES

December 3, 2013

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 3rd day of December, 2013, 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 Castleberry, Griffith, Heiple, Holman, Kovach, Miller, Williams, Mayor Rosenthal

ABSENT: Councilmember Jungman

CONTINUED DISCUSSION REGARDING RENEWAL OF THE PUBLIC SAFETY SALES TAX TO BE SUBMITTED FOR VOTER APPROVAL.

Mr. Anthony Francisco, Director of Finance, said Council began discussing renewal of the Public Safety Sales Tax (PSST) in a Council Retreat on November 25, 2013, and requested further information.

Mr. Francisco highlighted baseline assumptions that include a renewed 1/2 percent PSST effective October 1, 2015, for an additional temporary seven-year period; none of the carryover fund balance from 2008-2015 PSST would be used in the new period of 2016-2023 (\$6 million as of September 30, 2015, was changed to \$4.7 million due to Council's desire to continue the contribution to the General Fund during FYE 2015-2016 to pay the pro-rata share of increased burden on the dispatch function and an appropriation for the Smalley Center security cameras); Sales/Use tax revenue is projected to grow 4.25% each year from a base of the actual collections in FYE 2012-2013; salary and benefit category expenses are projected to grow 5% each year; and operational accounts are projected to grow by 2% per year.

Mr. Francisco said given these baseline assumptions, the projected FYE 2017 revenues increase from \$9,000,000 to \$10,511,583 and staffing levels will remain the same to maintain the public safety personnel added during 2008-2015. He said there will be more revenue available for other needs previously discussed and current staff can be retained at an estimated PSST tax rate of 3/8% (.375%).

Mayor Rosenthal asked if funds designated for equipment incorporated fleet management best practices and Mr. Francisco said there is no change to the assumption to carry over \$310,000 per year as assumed in the previous period, which is to replace approximately six vehicles per year. He said this amount only replaces police vehicles; it does not include replacement of any fire vehicles. He said Council has established PSST money to be used to replace some fire equipment.

Mr. Francisco said an assumption was added for an inter-fund transfer in FYE 2017 from the PSST Fund to the Rainy Day Fund for the pro-rata portion of Police and Fire Department expenditures to the General Fund. He said this one-time contribution would only fund the "public safety" portion of the required contribution to bring the Rainy Day Fund to its targeted level and an additional contribution would have to come from the General Fund or other funds to achieve the full 4.5% target. In FYE's 2018-2023, additional amounts are *assumed* to be transferred from the PSST to keep the Rainy Day Fund at its targeted level.

Mr. Francisco said another assumption is a program for twelve (12) School Resource Officers (SRO) and one supervisor. He said six SRO's and a supervisor will be added in FYE 2017 and six SRO's will be added in FYE 2018. The SRO's have an estimated compensation amount of \$69,668 and the supervisor has an estimated compensation amount of \$85,668. An assumption is made that one-half (50%) of the expenses for the SRO Program will be paid by Norman Public Schools. Each SRO will be provided a City

Item 1, continued:

owned vehicle at a one-time capital cost of \$46,000 plus \$5,375 per year in ongoing costs for fuel and maintenance. Ongoing PSST vehicle replacement costs are assumed to increase by \$92,000 per year to replace thirteen (13) added vehicles over time. No increase is assumed to the inter-fund transfer to the General Fund for the added burden placed on the E911 function by these added officers. Councilmember Castleberry asked if the salaries included healthcare and Mr. Francisco said the figures are total compensation including health insurance and retirement benefits. Mayor Rosenthal asked if there will be one SRO at each high school and how they will be integrated with the beats since they will always be at the schools. Mr. Jim Maisano, Deputy Police Chief, said there would be two (2) SRO's at each high school (two (2) high schools); one (1) at each middle school (four (4) middle schools); one (1) at the alternative school; and three (3) will be satellites between elementary schools. Councilmember Miller said \$46,000 for a vehicle seems like a lot of money and asked why they would need a new vehicle if they were going to be at the schools. Chief Maisano said the officers will serve as patrol officers when school is not in session.

Mayor Rosenthal asked if every officer on the force is assigned a vehicle and Chief Maisano said there is currently a cap of fifty (50) officers that have take-home vehicles, all detectives have vehicles assigned to them, and the City has a fleet of police vehicles that are rotated with only two (2) officers per day driving the vehicle to give the vehicle eight (8) hours of rest every 24 hours. Mayor Rosenthal said officers assigned to the schools are basically on foot patrol and it seems illogical for each one to have a vehicle and Chief Maisano said that can be researched to see if it would be feasible for officers at each school to share one (1) vehicle. Councilmember Miller said looking at this from the standpoint of a voter deciding whether or not to renew the PSST, the expenses seem unnecessary. She asked if a supervisor is necessary and if police staffing protocol is to have one supervisor per every twelve (12) police officers and Chief Maisano said Staff felt a supervisor would be a viable position as that person would be the liaison between the SRO's, Police Department, and the schools and the ratio of officers seems acceptable. Councilmember Kovach said although Council wants to cut costs, if there is a viable reason for the request for the vehicles Council does not want Staff to feel pressured to do away with any item that is needed. Ms. Joy Hampton, The Norman Transcript, asked if the schools would be providing funds towards the vehicles that are needed and Mr. Francisco said the assumption is that the school district will pay for half of the cost of the program.

Mr. Francisco said based on Council discussion and recommendations of the Police Chief, another assumption being made is the addition of ten (10) Master Police Officers (MPO) over the seven (7) year temporary PSST period to "keep pace with increased population." The City would hire two (2) officers per year at a compensation amount of \$73,426 per officer and each officer will be provided a City owned vehicle at a one-time capital cost of \$46,000 plus \$5,375 per year in ongoing costs for fuel and maintenance. No increase to the inter-fund transfer to the General Fund for the added burden placed on the E911 function by these added officers or vehicles is assumed. Mayor Rosenthal asked if the only metric being used for the ten additional officers is based solely on population and Mr. Steve Lewis, City Manager, said it is also based on calls for service.

Mr. Francisco said Council discussed the funding of one-time, high priority capital requests that came forward from the Police and Fire Departments using money that might be available from the Carry-Over Fund balance as opposed to General Obligation (GO) Bond financing.

Item 1, continued:

Based on preliminary analysis, the PSST could potentially finance some one-time capital projects. He highlighted the public safety capital requests as follows:

• Radio System Replacement	\$12,000,000
• Emergency Operator/Dispatch Center	\$ 6,500,000
• Fire Station 5 Relocation	\$ 3,500,000
• Police Firing Range Renovation	\$ 5,600,000
• Fire Apparatus Replacement	\$ 6,800,000
• Fire Station Land Acquisition	\$ 1,000,000
• TOTAL	\$35,400,000

Mr. Francisco said the capital expenses could be paid using a combination of the Carry-Over Fund balance, new PSST revenue, and GO Bonds.

Councilmember Holman asked if PSST funds can be used for animal shelter needs and Mayor Rosenthal said a few years ago Council decided not to use PSST funds for the animal shelter. Councilmember Williams asked how many new personnel would be needed once the new Animal Welfare Facility construction was completed and Chief Maisano said Staff believes operations can be maintained with current staffing levels. Councilmember Williams asked if that is minimal staff and Chief Maisano said yes.

Mr. Jeff Bloomgarden, 1009 Parkside Road, said he volunteers regularly at the animal shelter and does not share Deputy Chief Maisano's view of the staffing levels. In his opinion, the animal shelter needs more personnel to care for the animals because the kennel cages are only cleaned once a day and he frequently does that himself. He said many times volunteers help facilitate adoptions because Staff is too busy to get to know the animals and there is no veterinarian on duty. Ms. Hampton said from a public safety point of view, the biggest issue at the Animal Welfare Facility is that there is no Animal Welfare Officer on duty after 5:00 p.m. and on weekends when there are calls about dogs running loose. She asked whether designating personnel for those times is something Council would consider using PSST funds for and Mayor Rosenthal said that is something that would have to be discussed. Councilmember Miller said she would like to have that discussion and requested more information on the needs of the animal shelter.

Councilmember Kovach asked if Staff calculated ten (10) year projections on revenue bonds and Mr. Francisco said no. Councilmember Kovach said one of the things that made the PSST so successful when it was first introduced to the public was that the funds were being used for different capital projects. He said every penny spent on other projects or salaries will decrease the amount of money available from excess PSST for capital projects. He said Council needs to balance the desires to do all the things that need to be done and put together a package that will be palatable to the public while being mindful of the entire number of projects needed when asking the public to approve the PSST renewal. He said paying as much as possible of the \$35,400,000 using PSST excess funds is the most prudent way to go. Mayor Rosenthal agreed and would like to know what additional revenues might be generated with ten (10) year revenue bonds. She said it is correct that there is approximately \$23 million available for capital projects, because that could make a pretty good dent in the list and Mr. Francisco said yes. Councilmember Kovach said Staff is conservative on revenue figures and asked if estimates are better than anticipated, can the City adjust those revenue bonds and Mr. Francisco said this cannot be done once the revenue bonds are sold and an amortization schedule is set.

Councilmember Kovach said he has not seen anything about the 2010 Storm Siren Bonds that will be paid off in 2015 and Mr. Francisco said those were GO Bonds. Mr. Francisco said Council discussed paying the \$35 million with GO Bonds and if that is done then property taxes would increase by \$2.70 per month.

Item 1, continued:

Councilmember Kovach said he would like to know how much would be generated if the City obtained reauthorization of the Storm Siren Bonds in 2015. Councilmember Castleberry said if the City issued GO Bonds, does that mean revenue bonds would not need to be issued and Mr. Francisco said that is correct, the GO Bonds would be an additional source of revenue. Councilmember Castleberry asked what would happen to the excess PSST funds and Mr. Francisco said that is something Council would need to decide.

Councilmember Castleberry said if how the ballot language is crafted would determine what Council is able to do with the funds. Councilmember Kovach said a simple formula for success proven in Norman is to be clear about the purpose for the money and to demonstrate the need. He said if the City has excess PSST funds accumulating for unspecified projects, citizens are going to call that a blank check and are going to vote no. He said Council needs to specify what the money is going to be used for and any excess revenues need to have specified expenditures. He said the previous PSST ballot had very tight language about what the money would be spent on and that worked really well because citizens had confidence the City would follow through and that is what happened. He said Council wants to see the PSST renewed so the specificity has to be part of it. Councilmember Castleberry agreed, but said if GO Bonds were used, the PSST could be renewed for 3/8 cent instead of 1/2 cent to lower taxes and accomplish the same goals. Mayor Rosenthal said that is simply lowering sales tax while raising property taxes.

Councilmember Williams asked if Fire Station No. 5 relocation and land acquisition have to go together and Mr. James Fullingim, Fire Chief, said the land acquisition is a piece of fire station location. He said as the population grows, the City will need land to build fire stations to meet those population needs. Mayor Rosenthal said the land acquisition is two (2) sites beyond what is needed for Fire Station No. 5 relocation. Councilmember Williams asked how many years are being projected for apparatus replacement and Chief Fullingim said nine (9) years.

Mayor Rosenthal felt additional information is needed on the entire priority capital request list based on the discussion tonight. She said either the City needs to increase revenues or decide where the City wants to be in terms of additional personnel, if any.

Councilmember Castleberry said he has a problem with spending \$12 million on a radio system. He said the City only has 850 employees and that adds up to \$14,000 per person. Chief Maisano said no bids have been let, but Staff has reviewed several systems and a new system would cover the entire City, not just the Police and Fire Departments. He said it is not as simple as going to Radio Shack and getting a Midland Radio to talk to a base station. He said a new system would have to have inter-operability to connect with State and County Systems to be able to communicate with the County Sheriff, OU Police, Highway Patrol, etc. He said there are many things to look at in a radio system, e.g., the number of subscribers, number of channels available, number of communication towers, etc. He said the City is limping by right now because there are only two (2) communication towers in Norman, which leaves a few dead spots in town that a new radio system would alleviate. He said Tacoma, Washington, recently installed a system for \$15 million, Irving, Texas, installed a system for \$18 million, and Metrocrest, Texas, installed a system for \$12.1 million. He said the \$12 million was yesterday's price of what these systems cost and it will take at least 24 months for installation. He said Staff is looking at the possibility of hiring a consultant to review what exactly is needed.

Councilmember Kovach said if there are going to be future discussions it would be helpful if Council prioritized the capital public safety list. He said the radio system has been identified by the Fire and Police Chiefs as number one with the Dispatch Center and Fire Station 5's relocation as number two and three.

Item 1, continued:

He would switch the firing range with the fire apparatus. He felt it would be helpful to tell the public the City is going to purchase numbers one, two, and three and any excess funds would be used to purchase four, five, and six. Mayor Rosenthal asked how much planning has been done on the Emergency Operations/Dispatch Center and Chief Maisano said there has not been a formalized blueprint or plan drawn up. He said part of the information the figures are based off of is the number of work stations with computers, monitors, radios, etc., and could cost an estimated \$250,000 per station.

Mayor Rosenthal highlighted information needed as the impact of new vehicles to Fleet Maintenance; costs associated with additional personnel and needs of the Animal Welfare Facility; revenue figures of a ten (10) year tax term vs. seven (7) years; and storm siren bond renewal figures.

Mayor Rosenthal said a public meeting should be held to give the public the opportunity to weigh in on some of these decisions and Councilmember Kovach agreed and asked when that would be held. Mayor Rosenthal said very early January. Councilmember Kovach asked if Staff could begin work on a shell ordinance on what has been discussed to date between the public meeting and First Reading. Mayor Rosenthal felt the former PSST ordinance can be used as the draft using the new commitments. Mr. Lewis said a work session could be held on December 17th to address all the issues brought forth tonight to bring cohesion to the ordinance before a public meeting is held.

Items submitted for the record

1. Memorandum dated November 27, 2013, from Anthony Francisco, Finance Director, with Table 1, Presentation; Table 2, Updated Revenue; Table 3, Transfers-E911, Target Rainy Day Fund; Table 4, School Resource Officers; and Table 5, Additional Police Officers
2. PowerPoint presentation entitled, "City Council Study Session Public Safety 1/2 Percent Sales Tax Renewal Future Considerations," dated December 3, 2013

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Item 2, being:

UPDATE ON THE UNIVERSITY NORTH PARK TAX INCREMENT FINANCE DISTRICT.

Mr. Jeff Bryant, City Attorney, highlighted the University North Park Tax Increment Finance (UNPTIF) District Project Plan adopted in May 2006, as follows:

- Traffic and Roadway Improvements
 - o I-35/Robinson improvements – east and west side
 - o 24th Avenue improvements (Robinson/24th, signalization, etc.)
 - o I-35 Frontage Road
 - o Tecumseh Road improvements
 - o Rock Creek overpass
- Conference Center
- Legacy Park
- Lifestyle Center
- Economic Development

Item 2, continued:

Mr. Bryant highlighted the frontage road extension to 24th Avenue which will be ready to bid in January 2014; Legacy Park construction is projected to be completed by August 2014; and the Lifestyle Center has a developer obligation of 250,000 square feet by 2018.

Mr. Bryant said in 2007 a preliminary plat for University North Park (UNP) Corporate Center was approved by Council; in 2008, architectural design was completed for UNP Corporate Center and a purchase agreement was executed between Norman Economic Development Coalition (NEDC) and University Town Center (UTC) for 60 acres. In 2010, NEDC purchased the first 30 acres of economic development (ED) property; in 2011, the Norman Tax Increment Finance Authority (NTIFA) issued notes to NEDC; in 2012, NEDC received \$2.5 million in federal grant money from the Economic Development Administration (EDA) and the final plat for the ED land was approved by Council/NTIFA.

Mr. Bryant said NEDC is ready to purchase the next 30 acres at \$1.25 per square foot by December 6, 2013. He said NEDC is securing financing for infrastructure improvements for the land, has secured a signed term sheet with a qualified employer, and is currently negotiating a development agreement regarding creation of quality jobs to be completed this week. He said NTIFA is scheduled to consider a negotiated development agreement between NEDC and the recruited employer on December 10, 2013. NEDC is implementing a financing plan using the authorized revenue stream.

Mr. Bryant highlighted the structure of the NEDC land purchases that include a total land note of \$3,634,431 plus costs. The financing structure for the second 30 acres is similar to the financing structure of the first 30 acres with UNP as the seller and NEDC as the purchaser. NTIFA has pledged accumulated UNP TIF ED revenues to act as a security and provide interim interest payments for the NEDC loan. He said \$694,203 was pledged for the first 30 acres and \$701,800 is pledged for the second 30 acres. He said total interest paid to date is \$347,332. Councilmember Castleberry asked if that interest would be returned to the City once the lots have been sold and Mr. Bryant said yes.

Mr. Bryant said estimated infrastructure costs total \$6,285,000 and repayment sources include an EDA grant in the amount of \$2,500,000, Industrial Access Grant in the amount of \$350,000, and first user lot sales proceeds in the amount of \$1,150,000 for a total of \$4,000,000. He said the infrastructure balance expected to be paid from future lot sales total \$2,285,000 and land acquisition costs expected to be paid from future lot sales total \$3,634,431 for a total of \$5,919,431.

Mr. Bryant said the lender is requesting Council clarify in a resolution that the accumulated TIF revenues in the amount of \$1,046,800 be recognized to be used as the pledge towards acquisition costs as well as infrastructure costs. He said projected interest carrying costs over three (3) years is \$1,030,500. He said Council will consider a resolution on December 10, 2013, that will accomplish that request.

Mr. Bryant highlighted Project Plan progress by 2014 as follows:

- Traffic and roadway improvements completed
 - o I-35/Robinson improvements – east side
 - o 24th Avenue improvements (Robinson/24th, signalization, etc.)
 - o I-35 Frontage Road
 - o Tecumseh Road improvements
 - o Rock Creek overpass
 - o Frontage Road extension to 24th Avenue

Item 2, continued:

- Conference Center completed
- Legacy Park completed
- Lifestyle Center (by 2018)
- Economic Development
 - o 61.67 acres purchased at \$1.25/sq. ft.
 - o Public infrastructure in place enhancing marketability
 - o One lot sold (closing December 31st) with 11 lots available

Councilmember Kovach asked if the Economic Development Advisory Board (EDAB) should be involved in discussions prior to Council voting on the development agreement. He said Council created EDAB and appointed citizens to that board recently and they should at least look over the agreement and let Council know if they believe it is a good idea. Mr. Bryant said the UNPTIF Oversight Committee will review the agreement and he is concerned that in terms of the timeframe it would be difficult for EDAB to review the agreement, but Staff will do whatever Council directs.

Mayor Rosenthal said when Council created EDAB it was expressed that the UNPTIF was separate from other TIF Districts and has its own oversight committee and is being operated under a project plan that has already been approved. She did not believe it was necessary or even advisable given the timing. Mr. John Woods, Norman Chamber of Commerce, said it was pretty clear from the public's perspective that EDAB would look at potential public dollars used outside of the UNPTIF. He said six (6) months ago developers prepared plans for the public area improvements (Robinson Street/Lifestyle Center) and asked if those plans have been submitted to the City and Mr. Bryant said the City is waiting on follow-up from the developers based on discussions in September. He said the developers are very interested in moving forward.

Councilmember Holman said there had been discussion regarding using TIF funds to retrofit Robinson Street and Tecumseh Road bridges and asked if that was viable. Mr. Bryant said that is something Council is interested in addressing and funding for that is based on whether or not there is money left over from traffic and roadway projects in the UNPTIF. He said funds needed for improvements on the west side of I-35 will probably exceed what has been allocated in the project plan for traffic and roadway improvements, but there may be an opportunity to retrofit the bridges with matching funds. Mayor Rosenthal said there are too many uncertainties about what Robinson Street improvements will cost on the west side at this time.

Ms. Joy Hampton, The Norman Transcript, asked if the pledged funds is money intended to pay off the UNPTIF debt early and Mr. Bryant said there are five (5) components to the project plan and the component being discussed tonight is the economic development component and there has not been any debt issued related to the economic development component. He said economic development money would probably not be used to retire debt on this component until these parts of the project plan have been completed.

Mr. Don Wood, NEDC, said there is \$2 million budgeted for interest so NEDC's intent is to repay interest back to the City from lot sales. Mr. Bryant said it has always been NEDC's intention to pay the TIF dollars back into the TIF fund to be used for other economic development efforts within the TIF. Councilmember Kovach said having infrastructure in place will make the whole project work much smoother and make a big difference to Norman.

Items submitted for the record

1. PowerPoint presentation entitled, "University North Park TIF Economic Development Component," Council Conference dated December 3, 2013

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The meeting adjourned at 6:30 p.m.

ATTEST:

City Clerk

Mayor