

CITY COUNCIL CONFERENCE MINUTES

July 28, 2015

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a conference at 5:30 p.m. in the Municipal Building Conference Room on the 28th day of July, 2015, 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 Castleberry, Heiple, Holman, Lang, Miller, and Mayor Pro-Tem Jungman

ABSENT:

Councilmembers Allison, Williams, and Mayor Rosenthal

Item 1, being:

UPDATE ON THE UNIVERSITY NORTH PARK TAX INCREMENT DISTRICT.

Mr. Jeff Bryant, City Attorney, said since the University North Park Tax Increment District's (UNPTIF) inception in 2006, \$48,235,573 in sales tax has been generated. He said \$9,177,740 in transfer adjustments to the General Fund have been made for a total net sales tax amount of \$39,057,817. He said 60% (\$22,982,965) of the \$39,057,827 went to Project Plan components and 40% (\$16,074,562) went into the General Fund (GF), due to the transfer adjustment provisions in the NPTIF ordinance.

Mr. Bryant highlighted ad valorem tax proportions of the UNPTIF. He said total ad valorem taxes paid to date total \$12,744,996 that includes an estimated \$3 million for FYE 2015. Councilmember Castleberry asked if the ad valorem taxes collected for Norman Public School's (NPS) go straight to the schools or is it offset by the State appropriations formula and Mr. Bryant said the funds go directly to NPS.

Traffic Improvements

Mr. Bryant updated Council on traffic and roadway improvements within the District that includes Robinson Street west of I-35, the Garver Traffic Impact Analysis (TIA) in the north half of the UNPTIF, and a fifth intersection along 24th Avenue N.W. He said Robinson Street/I-35 costs in the FYE 2017 Budget are estimated to be \$4.5 million with \$3.5 million provided through the Association of Central Oklahoma Governments (ACOG) funding leaving a supplemental balance from the TIF Fund in the amount of \$1 million. He said the estimate from the 2009 TIA for improvements was \$1.1 million and Staff is waiting on concurrence from the Oklahoma Department of Transportation (ODOT).

The Garver TIA, Phase A, was completed in the summer of 2014, and Council asked Staff to move forward with Phase B, which is a more clearly defined set of improvements that needs to be made in order for traffic to function at full build out of the UNPTIF. Phase B should be ready for Council review at the end of August or early September. The north half of the UNPTIF is referred to as the "panhandle" with one side being Westheimer Airport property and the other side being Tecumseh Road. He said an item on tonight's agenda is a Planned Unit Development (PUD) that only applies to this particular panhandle strip and deals with reduction in front setbacks and streetscape buffer requirements. It is unique to this parcel because the parcel is long and narrow so it is necessary to approve the PUD in order to develop these parcels. The plan is to construct approximately 15,000 square feet of professional office space.

Mr. Bryant said four intersections located at Mount Williams Drive, Conference Center Drive, Legacy Park Drive, and Corporate Center Drive have been completed. The fifth intersection located half way between Rock Creek Road and Corporate Center Drive will cost approximately \$750,000.

North Half Development

Mr. Bryant said a multi-family project is being proposed for development in the UNPTIF just west of 24th Avenue N.W. This will be the first phase of a three phase development of upscale apartment living that is similar to the Edge Apartments in the Oklahoma City (OKC) midtown area. Phase I consists of an 8.3 acre, 300 unit development that includes a parking garage. The building is proposed to be four stories with apartment units built to wrap around amenities, e.g., pool, patio, games, etc., in the middle.

Mr. Bryant highlighted UNPTIF allocation remaining projects as the Tecumseh Road/Flood Street and Tecumseh Road/24th Avenue intersections at an estimated cost of \$846,712; Tecumseh Road/East I-35 at an estimated cost of \$946,723; and Tecumseh Road/West I-35 at an estimated cost of \$650,000 for a total amount of \$2,443,435; however, there is only \$1,351,042 remaining in UNPTIF funding. Under Development Agreement No. Five, any traffic and roadway improvements over \$11,550,000 would be the responsibility of the developer and development groups have been very cognizant of this and are trying to obtain ACOG funding or other sources of funding that may be available.

On the economic development portion of the UNPTIF, the IMMY Group will be the first employer in the UNP Corporate Center II.

Mr. Bryant updated Council on the Lifestyle/Village Center Retail area. There has been strong interest from retailers that may meet criteria, but may not clearly fit the vision for the Lifestyle/Village Center. Additional time may be needed to allow more selectivity regarding potential anchor tenants and to allow exploration of other complementary developments. He said the \$8.25 million authorized for incentives may not be sufficient to attract what is envisioned. When Von Maur came to OKC, they were provided the old Sears building valued at \$8 million and tenant finish improvements valued at \$15 million as well as tax rebates over a two year period (\$2 million). He said the UNPTIF needs a retailer willing to build with an urban design concept with walkability, but also be the type of retailer to generate the sales tax level the City is looking for. He said Staff and developers have discussed possible amendments to Development Agreement No. Five that is specific to this.

One UNPTIF group is ready to create a more detailed master plan of the north half and has signed a contract with a nationwide planning group, in the amount of \$36,000 for a master plan. The UNPTIF group would like the City to partner with them in that cost, which would give the City more input as they work through developing a master plan for the north half. This could be an opportunity to involve someone from the Institute of Quality Communities or from the planning firm who is well versed in urban design and walkability.

Lifestyle/Village Center

Another development group who owns property south of Rock Creek Road in the Lifestyle/Village Center area is interested in stepping back and doing more detailed planning that would consider the concept of urban design and walkability.

Another possible amendment to Development Agreement No. Five focused on the entrances. Council has been clear they would like to see an entrance finalized for Robinson Street and 24th Avenue to help mark the entry into this particular retail development. He said an anchor store will want input into how the surrounding area gets developed so there would be a partnership with the City on both entrances, but moving forward with the entrance at Robinson Street is something that can be achieved more quickly. As the development gets closer to selecting an anchor, the Lifestyle/Village Center entrance can be discussed.

Councilmember Heiple is still concerned about the safety of people crossing from the south side of Robinson Street to the UNPTIF. Mr. Angelo Lombardo, Traffic Engineer, said Staff is just as concerned about this and the only way to ensure pedestrian safety is the timing of the traffic signals. Mr. Lombardo said the intersection has been improved since Councilmember Heiple first voiced his concerns. Mr. Bryant said the City wants to make the entrance attractive while providing safe walkability for pedestrians who patronize the businesses in the UNPTIF.

Lifestyle/Village Center, continued:

Another component is clarifying criteria for which incentives can be considered and an extended achievement deadline may help accomplish UNPTIF goals. Staff is trying to incorporate Council's input into the amendments and will have an update on the amendments to Development Agreement No. Five in the near future.

Legacy Park/Business Improvement District

Mr. Bryant said Legacy Park is almost completed. The total bid with change orders totaled \$6,528,278 and the project is being overseen by Howard Fairbairn and McKinney Partnership architects. He said punch lists have been developed and corrections are in process. Five percent (5%) of the contract amount will be retained until Legacy Park is accepted by Council. Legacy Park is expected to open in late August or September 2015.

Mr. Bryant said 80% of UNPTIF property owners requested a Business Improvement District (BID), which is basically a self-imposed tax to pay for maintenance of the area. Council accepted BID petitions in June followed by a public hearing and adoption of the BID on July 8, 2014. The BID provides \$2 million (\$200,000 per year for ten years) for maintenance of Legacy Park. Out of that \$2 million, \$900,000 will be development assistance from UNPTIF funds phased in over eight years, which is being matched with \$1.1 million of assessments to the business owners over the same time period (\$200,000 the first year, \$175,000 second year, \$150,000 third year, etc.). The BID has been structured to help encourage additional development so it is not a burden on any one business. Assessments totaling \$25,000 for 2015 have been collected except one in the amount of \$321, which Staff is working to collect. Assessments for 2016 totaling \$50,000 begins its cycle with the resolution on tonight's agenda giving notice and setting a public hearing as well as an ordinance setting assessment levels for each property that will be considered by Council in August.

Council appointed members to the BID Advisory Board that includes former Councilmembers Mandy Haws, manager of Sooner Bowl, and Dan Quinn, Cies Realty; Matt Clouse, Valliance Bank; and Mike Thompson, Thompson Pool and Patio. Other members include Rex Amsler and Jennifer Alexander, Embassy Suites; Brad Goodwin, UTC, Inc (UNPTIF property owner); Carly Kilroy, KITE (UNPTIF property owner) representative; and Guy Patton, University of Oklahoma (OU) Foundation.

Mr. Bryant said the UNPTIF cash/obligations are as follows: Bank of Oklahoma was selected to hold the UNPTIF funds in escrow in the amount of \$15,223,685 to be disbursed as needed. Republic Bank is also holding \$737,606 which is money pledged to help with infrastructure improvements for the Norman Economic Development Coalition (NEDC) property and purchase of NEDC property in the north part of the UNPTIF. There is also money in the City depository in the amount of \$827,834 for a total deposit amount of \$16,789,125. There are also notes and commitments in the amount of \$27,224,648.

Mr. Bryant summarized upcoming actions as follows:

Traffic and Roadway Improvements

- Phase B Report from Garver expected in Fall 2015
- Fifth Intersection to begin construction in 2016
- Robinson Street west of I-35 to begin construction 2017

North Half Development

- North Panhandle office buildings PUD on tonight's agenda
- Multi-family Addition submitted for plan review with construction expected in late fall 2015
- UNPTIF Master Plan considering urban design and walkability

Legacy Park

Park completion anticipated August 2015

Punch lists being developed and worked

BID Board appointees to meet in August 2015

2016 Assessments – Resolution on tonight's agenda/and ordinance setting assessments levels to be considered by Council in August 2015

Lifestyle Center – Development Agreement No. 5 Potential Amendments

Planning efforts to include urban design and walkability

Clarity Incentive criteria

Entrance at Robinson Street to move forward

Entrance to Lifestyle Center on hold to assist in anchor recruitment

Councilmember Holman asked if the City received Federal stimulus dollars on the Rock Creek Bridge and Mr. O'Leary, Director of Public Works, said the City received \$4 million from ODOT, but it was not stimulus money. Mr. Bryant said the entire project was about \$13 million and the UNPTIF portion was \$7 million. Mr. Francisco said the City did receive stimulus funds for the I-35/Robinson Street N.E. interchange.

Councilmember Heiple asked if the main goal of the amendments is to help make the UNPTIF more walkable and Mr. Bryant said yes, that is something Staff is trying to help Council achieve. Mr. Bryant said the multi-family project is designed to make the west part of 24th Avenue more walkable. Councilmember Heiple asked if making the UNPTIF more walkable creates or exasperates the traffic situation and Mr. Lombardo said the changes may relieve traffic on Robinson Street.

Councilmember Lang is not against walking, but the City needs to be realistic about where people are walking to and from and the fact is there are not a lot of people on the south side of Robinson Street who want walk to the north side of Robinson Street. He said this needs to be taken into consideration before the City spends a lot of money building walk ramps over Robinson Street that few people will use.

Councilmember Holman said everything in the UNPTIF is set farther back from 24th Avenue N.W. and most of the west side of 24th Avenue N.W. has no sidewalk at all. Even now there is not a sidewalk that extends all the way to the Rock Creek Road Bridge. He felt there is a lot the City can learn from design on the south end to make it better on the north end. Mr. Bryant said one of the original concepts for the Lifestyle/Village Central area was to make it more walkable to the hotel areas and Legacy Park and it would be nice to get back to that concept. Councilmember Castleberry said when the east side was originally being designed the walkability part was deliberately placed by the stores because the developer did not want people to walk by the street they wanted people to walk by the stores to shop.

Councilmember Jungman said it appears the multi-family development is being constructed right next to the industrial development and typically residential and industrial are not compatible uses so why is it being developed this way? Mr. Bryant said the industrial side is more of a light and clean industrial so there will not be any smokestacks or toxic sewage, etc. Councilmember Jungman said he is not concerned too much about that, but if retailers want people closer the multi-family development should be closer to the retailers because it is really not a walkable distance from the multi-family development to the retail area. He asked if any thought given to putting the development closer to the retail? Mr. Bryant said zoning does not allow that and Ms. Susan Connors, Director of Planning and Community Development, said there was no residential zoning south of Rock Creek Road anticipated in the PUD. Councilmember Jungman said the area is a PUD so the City could amend the PUD to allow for that. Ms. Katherine Walker, Assistant City Attorney, said there are concerns as well, which make that more difficult. Mr. Bryant said that is discussion Staff is trying to open with the property owners on both sides of Rock Creek Road. He said one side thinks they have a corner on retail and the other side thinks they have a corner on residential, but there may be a way to take a breather and rethink that, which is what Staff is trying to get them to do. He said it would require PUD amendments as well as amendments to covenants, which might be the trickiest part.

Councilmember Holman asked if the residential development will be allowed to have commercial on the first floor and Mr. Bryant said there are some light services that would be allowed, but that could be argued as incidental. Councilmember Holman said a residential element in the Lifestyle/Village Center should be considered so there are no two story buildings that are not actually two stories.

Ms. Joy Hampton, The Norman Transcript, asked the difference between the vision and the criteria for the Lifestyle/Village Center and asked if the multi-family development height was due to criteria or if that is the height the developer wanted. Mr. Bryant said the criteria was \$175,000 per square foot for a certain size of retail and \$225,000 for a another level of retail and that criteria would allow a request for incentive, but Staff believes some of the retail sales cost per square foot could be higher based on the stores the City was anticipating. He said there has been no application for a high end retail that would meet the sales criteria or fit the vision for that area. That is why Staff and developers are stepping back to see how they can work together to get development back on track of what was expected.

Items submitted for the record

1. PowerPoint presentation entitled, "University North Park Tax Increment Finance District Update," City Council Conference, dated July 28, 2015

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The meeting adjourned at 6:26 p.m.

ATTEST:

City Clerk

Mayor