



City of Norman, OK

Municipal Building Council
Chambers
201 West Gray Street
Norman, OK 73069

Master

File Number: R-1213-66

File ID: R-1213-66

Type: Resolution

Status: Non-Consent Items

Version: 1

Reference: Item No. 66

In Control: City Council

Department: Finance Department

Cost:

File Created: 10/18/2012

File Name: City of Norman Financing for Downtown Parking Lot

Final Action:

Title: RESOLUTION NO. R-1213-66: A RESOLUTION OF THE CITY OF NORMAN APPROVING ACTION TAKEN BY THE NORMAN MUNICIPAL AUTHORITY AUTHORIZING ISSUANCE, SALE, AND DELIVERY OF A PROMISSORY NOTE TO REPUBLIC BANK AND TRUST FOR THE DEVELOPMENT OF A METERED PARKING SYSTEM IN THE GRAY STREET PARKING FACILITY.

ACTION NEEDED: Motion to adopt or reject Resolution No. R-1213-66.

ACTION TAKEN: _____

Notes:

Agenda Date: 10/23/2012

Agenda Number: 66

Attachments: Ltr-Parking Lot, Companion Resolution for Parking Lot

Project Manager: Anthony Francisco, Director of Finance

Entered by: jayme.rowe@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Council	10/23/2012					

Text of Legislative File R-1213-66

Body

BACKGROUND: In 2003, The City of Norman hired Carter & Burgess, Inc. to conduct a parking survey for the Downtown and Campus Corner areas. The purpose of the study was to identify a parking strategy for these high traffic areas to ensure responsible development. Carter & Burgess ultimately determined that there was a shortage of parking during peak periods on typical weekdays and that the parking shortage would increase with planned development. They recommended increasing parking supply and increasing metered rates. In order to increase parking supply, Carter & Burgess recommended developing a surface parking lot on Gray Street between Peters and Crawford

Streets to serve the downtown area.

This surface lot, hereinafter referred to as the “Gray Street Parking Facility”, was completed in January 2007, and, upon completion, it had 104 parking spaces that were available to the public. Now, the City of Norman facility maintenance building has been removed from the property, and the number of spots has increased to 147.

In 2011, the City of Norman parking service officers conducted a traffic count at the Gray Street Parking Facility in order to gauge usage. From December 1, 2011 to December 15, 2011, vehicles parked in the lot were counted at 9:00 am, 12:00 pm, and 3:00 pm each day. According to this survey, on average, 60% of the lot is full by 9:00 am, 90% of the lot is full by 12:00 pm, and 94% of the lot is full by 3:00 pm. Of these percentages, long-term parkers account for almost half of the total count.

On January 25, 2012, staff presented an update on the Gray Street Parking Facility to the City Council Planning and Transportation Committee. At that meeting, the Committee directed City Staff to move forward with changes in management of the Gray Street Parking Facility and strict enforcement of the two-hour maximum in the lot and along Main Street.

City Council, at its meeting of February 28, 2012, postponed Resolution No. R-1112-112 to allow the City Council Planning and Transportation Committee to receive additional input from the Downtowners Association regarding the Gray Street Parking Facility. The Community Planning and Transportation Committee met on March 28, 2012, and additional input was received. A demonstration of the proposed parking system was held on April 4, 2012. Staff met with representatives from the Downtowners Association on April 20, 2012 and April 25, 2012 to finalize plans for the parking lot.

At the City Council meeting on May 8, 2012, City Council approved Resolution R-1112-112 directing the City Manager (or his designee) to initiate the Request for Proposal process for design and equipping of the Gray Street Parking Facility and to manage the Gray Street Parking Facility in order to continue to balance the needs of employees and customers of downtown area businesses. The Planning Department moved forward with soliciting bids to raise the building on Peters to allow for the Parking lot expansion. The Public Works Department has moved forward with installing the pavement, and requested bids or proposals for the provision and installation of meters for the downtown parking lot. It is anticipated that a contract with Duncan Technologies, the low bidder on the Gray Street Parking Facility meters and equipment, will be on the Council’s Agenda for the October 23, 2012 meeting for consideration.

Funding and financing of the Parking Meter purchase and installation was discussed at the October 17, 2012 Finance Committee meeting. This item is coming forward based on the consensus of Finance Committee members to finance the project with a loan from Republic Bank made to the Norman Municipal Authority to be paid from revenues from the parking meters. Resolutions R-1213-61 (for Authority) and R-1213-66 (for City) authorize the execution of documents to effectuate this financing arrangement.

DISCUSSION: Initial discussions on the funding of the improvements to the Gray Street Parking

Facility by the Downtowners Association and Republic Bank and Trust involved the possibility of creating a private trust, similar to the one created for the sale of the property upon which the Gray Street Parking Facility is located. The new private trust would formalize the relationship between the City of Norman, the Downtowners Association, and Republic Bank and Trust. In accordance with those initial discussions, the Downtowners Association and Republic Bank provided a letter of intent to initially fund the improvements. That letter is included in the previous agenda item. The Public Works Department initially estimated that the cost of purchasing and installing the improvements would be approximately \$100,000; however, bids came back significantly higher (the low bid is \$140,386.50). Republic Bank and Trust remains agreeable to initially fund this higher amount and to allow the City to repay that amount without interest or fees over an indefinite term from the Gray Street Parking Facility revenues.

Because City revenues (parking facility receipts) will be pledged to repay the construction costs over more than one City fiscal year, this arrangement requires a debt financing. Although the City cannot commit to the payment of revenues beyond a fiscal year, Oklahoma public trust statutes allow municipal public trusts to accomplish this result. Norman has at least three public trusts with indenture language broad enough to provide for this financing: the Norman Municipal Authority; the Norman Tax Increment Finance Authority; and the Norman Economic Development Authority. Resolution R-1213-61 is for the October 23rd Agenda, with the City Council acting as the public trust trustees, to pledge revenues from meter collections in the Gray Street Parking Facility as security for a note issued by Republic Bank in an amount not to exceed \$150,000. Such future revenues, less an annual amount for operations and maintenance of the Gray Street Parking Facility in an amount not to exceed \$5,000 annually, shall be collected and remitted periodically to the lender until the note is satisfied. Normally public debt issuances are submitted through a competitive bid process. However, in this instance, since Republic Bank and Trust has worked closely with the Downtowners Association and is offering an interest free note with no defined repayment date, R-1213-61 waives competitive bidding on the sale of the note and authorizes sale of that note to Republic Bank and Trust on that basis.

Although, there were initial discussions about forming a private trust to secure a loan from Republic Bank and Trust that would then contract with the specified City public trust (the "Authority"), Republic Bank and Trust is willing to simplify the process by loaning the money for the improvements directly to the City of Norman without involving a third entity. The City of Norman, through the Authority, will be the entity administering the operation of the Gray Street Parking Facility. In this way, the process is more streamlined, and a private trust becomes unnecessary.

It should also be noted that the Bid item from Public Works also contains an appropriation from Capital fund balance to make sure funding is appropriated at the time the contract with Duncan Technologies is awarded. After Council authorizes the financing arrangement with Republic Bank and the loan documents are completed, then the proceeds from the loan will be used to reimburse the Capital fund balance.

In determining which of Norman's Public Trusts to use for this financing, the Finance Committee recommended using the Norman Municipal Authority (NMA) as the financing tool. Although the Finance Committee did note that the Downtown Parking Lot Parking Meter purchase and installation project would not likely be the type of project referred to the Economic Development Advisory Board

(EDAB), the consensus of the Finance Committee was to use NMA because the EDAB had not yet been constituted. In accordance with the Finance Committee's recommendation, Resolution R-1213-61 was prepared using NMA as the financing vehicle for this Project.

RECOMMENDATION: Based upon the above and foregoing discussion, it is the staff recommendation that the Downtown Parking Lot meter construction and installation project be funded through a financing arrangement offered by Republic Bank making available up to \$150,000 at zero percent (0%) interest on a flexible term that will allow the balance of the loan to be paid from revenues that will be collected over time from the parking meters to be installed. Resolutions R-1213-61 (for Authority) and R-1213-66 (for City) authorize the execution of documents to effectuate this financing arrangement.

Staff will be available to answer additional questions or concerns.