

CITY COUNCIL
BUSINESS AND COMMUNITY AFFAIRS COMMITTEE MINUTES

March 7, 2013

The City Council Business and Community Affairs Committee of the City of Norman, Cleveland County, State of Oklahoma, met at 9:00 a.m. in the Municipal Building Conference Room located at 201 West Gray on the 7th day of March, 2013, and notice and agenda of the meeting were posted in 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 Jungman, Spaulding, and Chairman Lockett

ABSENT: Councilmembers Kovach and Williams

OTHERS PRESENT: Councilmember Robert Castleberry, Ward Three
Councilmember Roger Gallagher, Ward One
Mayor Cindy Rosenthal
Mr. Trey Bates, 3720 Timberidge Drive
Mr. Steve Ellis, 633 Reed Avenue
Mr. Harold Heiple, 218 East Eufaula
Ms. Joy Hampton, The Norman Transcript
Mr. Sean Rieger, 136 Thompson Drive
Mr. Don Wood, Executive Director, Norman Economic Development Coalition

STAFF PRESENT: Mr. Jeff Bryant, City Attorney
Ms. Susan Connors, Director of Planning and Community Development
Mr. Ken Danner, Subdivision Development Manager
Mr. Terry Floyd, Development Coordinator
Ms. Leah Messner, Assistant City Attorney
Mr. Scott Sturtz, City Engineer
Ms. Kathryn Walker, Assistant City Attorney
Ms. Syndi Runyon, Administrative Technician IV

Item 1, being:

CONTINUED DISCUSSION REGARDING THE CREATION OF THE NORMAN ECONOMIC DEVELOPMENT ADVISORY BOARD AND SUBSEQUENT ECONOMIC DEVELOPMENT POLICY.

Chairman Lockett asked the Committee if there are any changes they would like to make to the Economic Development Policy (EDP). Mayor Rosenthal said the policy will be reviewed by the entire Council in a Conference or Study Session on March 26, 2013.

Mr. Don Wood, Executive Director, Norman Economic Development Coalition (NEDC), said there are no public funds going into economic development at this time except for the University North Park Tax Increment Finance District (UNPTIF). He said the UNPTIF has an Oversight Committee and asked if that Committee will review projects as well as the Economic Development Advisory Board (EDAB) for projects in University North Park (UNP). Mr. Jeff Bryant, City Attorney, said the current UNPTIF structure defines the role of the NPTIF Oversight Committee and if funds are used from the UNPTIF there will need to be a recommendation to Council on whether or not a particular economic development project would be appropriate for funding. He said ultimately, Council acting as the Norman Tax Increment Finance Authority (NTIFA), would make the decision on whether or not to approve a project. He said there has been discussion by the Business and Community Affairs (BACA) Committee regarding the Norman Economic Development Authority (NEDA) and the UNPTIF

Item 1, continued:

Oversight Committee overlapping on projects, but they do not have to. He said that would be a decision Council makes when they adopt the policy or ordinance. Councilmember Castleberry said he would be opposed to that and Mayor Rosenthal and Chairman Lockett agreed. Chairman Lockett said the EDAB should be composed of people who have good judgment and can move projects forward without having another committee review the project. Mayor Rosenthal felt this issue needed to be discussed before the policy is brought forward to the entire Council.

Councilmember Gallagher said the sole function of the UNPTIF is to develop University North Park (UNP) and EDAB needs to work without concentrating on University North Park (UNP). He said there are a dozen empty businesses in downtown Norman and EDAB needs to concentrate on the downtown area before it becomes a ghost town. Mr. Don Wood, Executive Director NEDC, said EDAB will be able to take on revitalizing downtown, creating more parking, and reviewing projects that will be better for the community overall.

Mr. Bryant said Tax Increment Finance (TIF) funds generated from the UNPTIF would be under the purview of the NTIFA and UNPTIF Oversight Committee. He said there will be a separate source of revenue when approved that will allow for economic development outside of UNPTIF funds. Councilmember Castleberry said EDAB is an advisory committee and will not have the money or the ability to expend funds.

Mr. Trey Bates, 3720 Timberidge Drive, wanted clarification on language under *Goals and Objectives*, No. 2, that reads, "Attract new businesses in targeted industries locating or expanding from outside the City of Norman, hire a significant portion of its workforce from the Norman community, and produce a net positive return on investment over and above any public incentives." He said he did not know what "net positive impact" is because no one knows what the economics of a project will be on the City. Mr. Bryant said Staff did not add that language so he was unsure of the meaning and said whoever added it may want to explain. Councilmember Castleberry believed the thought process was the City would give a business \$100,000 that generates \$101,000 or more of additional revenue or benefit to the City. He said another example would be to give \$100,000 to a business that may not be a sales tax generating business, but may create 500 new jobs. He said benefits would not always be financial and that is what EDAB would look at. Mayor Rosenthal agreed and said economic development is not always about sales tax, it can be about jobs and it is important to let the community know the City is paying attention to the bottom line of what is good for the community. Mr. Wood said salaries equal sales tax. Mr. Bryant said similar language is found under *Eligibility Criteria*, which is not mandatory criteria so he wanted to be clear that non-financial gain is another factor that needs to be considered when EDAB is making its recommendation and the Committee said yes.

Ms. Joy Hampton, The Norman Transcript, thought the point of having economic incentives was to not only attract businesses, but to encourage businesses to take a risk on Norman. She said some of this language sounds like Norman wants the business to take a risk on Norman, but Norman is not willing to take a risk on them. Why would this be attractive to a business? She said some of the language is almost exclusionary of the whole purpose. Councilmember Castleberry said EDAB will evaluate the risk and if there is a positive return the business will be offered incentives. Ms. Hampton said language states the business has to have positive return and Councilmember Castleberry said that is an advisory condition, just one of many factors. Councilmember Spaulding said an applicant will have to present a plan that includes expected results based on reasonable data. He said businesses will not expect to walk in and ask for an incentive without being able to convince EDAB they are a good risk, which is absolutely fair. Councilmember Castleberry said there is a higher standard when using public money and a business needs to be more of a sure thing and Mayor Rosenthal agreed and said the City will have to be able to defend the use of public money.

Item 1, continued:

Mr. Wood said it would be nice to have a smaller pool of money targeted for start-up companies that have a business idea, but may not have a proven concept. Councilmember Spaulding said even with the added risk on start-up, that business will have to have quality data backing up their plan. Chairman Lockett said not all economic development pays off because there are too many variables in the business world so the City is just trying to make sure the public understands Council is being diligent with their money. Councilmember Castleberry said these are just tools in the tool chest that may never be used, but again, they may be used every time.

Ms. Hampton said language states businesses must be from outside of Norman, but there may be many projects that could benefit from some sort of economic development incentive or policy that may not include outside people who are brought in. Councilmember Castleberry said that is just one of the goals and objectives and is not mandatory. Councilmember Griffith said Council wants a business to hire a significant portion of its work force from the community because many citizens of Norman work in Oklahoma City so hiring from within the community should be a consideration. Chairman Lockett said this would be something taken into consideration by EDAB, but felt it would be dangerous to require businesses to hire only people that live in the city limits. Councilmember Gallagher said he is talking about a business that comes in and plans to bring in their own workforce that does not include local people when the incentive's goal is gain jobs for the local community and not just bring in jobs for people that may live in Moore or Oklahoma City.

Mr. Bryant asked the Committee what they are envisioning as an incentive, are they envisioning all the economic development tools listed require a performance agreement? He said the Committee has discussed cash incentives, but are they considering infrastructure improvements incentives as well? Councilmember Castleberry said not all the tools would require a performance agreement. He said partnering with Moore-Norman Technology Center or the University of Oklahoma (OU) to provide training should not require a performance agreement. A performance agreement is needed when a business states they will hire X number of people, and generate X amount of sales tax, etc., to ensure the business does what it says it will do financially. Mr. Bryant said language states that any company receiving incentives provided through public resources of the City must have a performance agreement and asked if the Committee is saying a performance agreement is needed only if a business asks for cash or infrastructure improvements? He said it would be helpful to have clarity on the issue because, legally, you can argue that the entire list of tools can be incentives and if that's not the case, it would be helpful to define the incentives that would require a performance agreement. Councilmember Gallagher felt that would be hard to pin down since each business has a different personality. Mr. Steve Ellis, 633 Reed Avenue, suggested splitting incentives into two lists, one that requires performance agreements and one that does not. Councilmember Castleberry said an incentive of monetary value should require a performance agreement and the Committee agreed.

Mr. Bryant suggested language that reads, "Any company receiving monetary incentives provided through public resources of the City will be required to enter into a performance agreement." Mr. Wood said communities that Norman is competing with have tax abatement for a leased building and Norman does not so Norman starts out behind the eight ball. Councilmember Castleberry said the draft policy is a great start and he would like to move it forward as is.

Councilmember Jungman said if a business wanting to come into Norman did not have the resources for infrastructure would they ask City Council for incentives and Council would grant the resources to NEDAB then NEDAB would grant them to the business? Mr. Bryant said NEDAB is really an advisory board; therefore, NEDAB would review the project and make recommendations to Council, but Council, acting as the trustees who would grant the incentives, would approve or disapprove the project.

Item 1, continued:

Mr. Bryant said the draft policy and ordinance will be on the Council conference agenda on March 26, 2013.

Items submitted for the record

1. Memorandum dated March 1, 2013, from Kathryn L. Walker, Assistant City Attorney, through Jeff H. Bryant, City Attorney, to Members of the Business and Community Affairs Committee
2. Economic Development Incentives Policy
3. City Council Business and Community Affairs Committee minutes of November 1, 2012

Item 2, being:

UPDATE REGARDING POTENTIAL AND ONGOING CUSTOMER SERVICES OUTREACH ACTIVITIES RELATED TO THE BUILDING AND DEVELOPMENT PROCESS.

Mr. Terry Floyd, Development Coordinator, said on February 7, 2013, BACA was presented research on costs associated with reviewing plats as part of the proposed preliminary plat extension process and options for streamlining the pre-development meeting process. He said the Planning Commission approved those items on February 14, 2013, and they will be considered by City Council on March 26, 2013.

Mr. Floyd said, in previous BACA meetings, committee members expressed interest in exploring the development and distribution of a customer service survey for customers who utilize City permitting, planning, inspection, and property development services. He said reasons for conducting a survey are as follows:

- Utilize the survey to assess needs
- Gather information on a targeted subject
- Build goodwill
- Create awareness or excitement about a topic
- Monitor the performance of something put into place
- Evaluate a program
- Explore or study policy
- Measure a respondent's knowledge, attitudes, intentions, skills, and behaviors

Mr. Floyd said it can be important to use an outside organization when dealing with subjects where pointed and accurate responses are wanted. He said using an outside organization can also give a level of comfort to those surveyed.

Mr. Floyd said Staff researched various surveys from large and small communities that included questions on the type and role of customer; friendliness/accessibility/knowledge of staff; promptness of staff response to inquiries; consistency of staff review/interpretation; timeline for review; suggestions for improvement; contact information (optional if customer wanted follow-up); overall satisfaction; and an additional comments section. Mr. Floyd said most surveys utilized a yes/no format and a rating scale of 1-10 or 1-5.

Mr. Floyd said Staff contacted a firm that specializes in survey research to get information regarding conducting a survey for general contractors, developers, trades, and engineering firms that utilize City development services in Norman. The firm said their process would be to use a mailed survey and follow-up with a telephone call. They may also utilize an online component as well. The firm suggested an eight to ten question survey consisting of two pages, which should garner approximately 100 to 150 responses. The firm would follow-up with a results report once the survey was completed, which would take approximately 60 days at an estimated cost of \$7,000.

Item 2, continued:

Mr. Sean Rieger, Builders Association of South Central Oklahoma (BASCO), said a survey is a good idea and BASCO would be willing to coordinate and collaborate on survey questions. Councilmember Castleberry felt that would be a good idea since the survey needs to ask the right questions to find out where the problems lie. Mr. Bryant said that is one advantage of using an outside consultant not associated with the City of Norman to ask appropriate questions and make sure the right questions are asked to garner meaningful information from the survey.

Councilmember Castleberry asked if the City could send questions from BASCO to an outside firm and ask them to use some of them and Mr. Bryant said that would be possible, but to make sure the survey is valid and unbiased the City needs to let the consulting firm craft the questions; however, there is no problem asking BASCO and the Chamber of Commerce what areas need improvement. Councilmember Spaulding asked if the survey would be distributed after a project is finished or during a specific time period. Mr. Floyd said Staff has not discussed those details yet, but many times surveys are utilized after a project is complete and that could be a separate tool to use. Councilmember Spaulding said individuals will not want to say anything bad or identify any problems during their project for fear of retribution.

Councilmember Jungman asked if the consulting firm is going to identify the size of the organization as they ask the questions and Mr. Floyd said he was sure they would.

Mr. Trey Bates, 3720 Timberidge Drive, asked if the City is going to solicit feedback from the community on the survey and Mr. Bryant said the survey discussion is in the preliminary stages at this time and Staff wanted to see if there was interest from Council in pursuing the survey. He said the next step will be to identify a company, get a firmer cost, and what the survey would consist of. This information would then be brought back to BACA for discussion. He said Staff will also ask questions of the survey firm regarding gathering input from the Chamber of Commerce, etc.

Mr. Wood asked if there was a way to survey people not doing business with Norman today, but had done business with Norman in the past. He said we have all heard the street rumors about people saying they would never do business in Norman, Oklahoma, because of something that happened ten years ago. He said the answers may not give the City reality, but it will give the City perception and perception is what Norman is trying to fix. Mr. Floyd said that may be tracked through inactive permits. Councilmember Spaulding said contacting people that have not done business in Norman for awhile is a good idea because he has had bad experiences with businesses before and refused to do further business with them. He said many of them may not be aware of improvements the City has made in the development process. Mr. Bryant said it may be helpful for the Chamber of Commerce or BASCO to help identify those people.

Mr. Floyd asked if Councilmembers wanted him to formulate a tighter plan for further discussion and Chairman Lockett said yes.

Mr. Floyd updated the Committee on other customer service projects. He said City Staff has hosted "brown bag" lunch meetings with BASCO representatives to provide an opportunity for developers, contractors, and home builders to discuss inspection issues and provide better clarification on building code items and improving the inspection process. Two monthly meetings have been held regarding residential electrical inspections and items discussed were temporary pole requirements, light fixture mounting, nail plate use, and outlet placement. The next meeting will be held March 27th to address residential plumbing requirements and future topics will include residential building and mechanical requirements.

Item 2, continued:

Mr. Floyd said Staff is reviewing and researching changes from the 2006 International Building Code (IBC) to the 2009 IBC. The State of Oklahoma adopted the 2009 edition of the IBC and cities are required to adopt this edition as well. Staff will soon be holding meetings with stakeholders to discuss the changes.

Items submitted for the record

1. Memorandum dated March 1, 2013, from Terry Floyd, Development Coordinator, to Council Business and Community Affairs Committee
2. PowerPoint presentation entitled, "City of Norman Survey Research and Customer Service Projects," Council Business and Community Affairs Committee, dated March 7, 2013

Item 3, being:

MISCELLANEOUS DISCUSSION.

None

The meeting adjourned at 10:03 a.m.

ATTEST:

City Clerk

Mayor