

CITY COUNCIL STUDY SESSION MINUTES

May 1, 2017

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 1st day of May, 2018, 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, Castleberry,
Clark, Heiple, Holman, Wilson, Karjala,
Mayor Miller

ABSENT:

Councilmember Allison

Item 1, being:

PRESENTATION AND DISCUSSION REGARDING THE CITY OF NORMAN FYE 2019 BUDGET – CAPITAL FUND AND THE FIVE YEAR CAPITAL IMPROVEMENTS FINANCIAL PLAN FYE 2020-2023.

Ms. Susan Connors, Director of Planning and Community Development, said tonight Council will review the proposed Capital Budget for FYE 2020 through FYE 2023. She provided an overview of the FYE 2019 budget meeting schedule and said on November 14, 2017, Council was updated on the status of budgeted projects and Council priorities; on February 27, 2018, Council discussed proposed new projects; and on May 1, 2018, Council will review a final proposed plan for FYE 2019.

Ms. Connors highlighted funds involved in the Capital Improvement Project (CIP) Budget as follows:

- 15 Public Safety Sales Tax (PSST)
- 21 Community Development Block Grant (CDBG)
- 22 Special Revenue
- 23 Room Tax
- 27 Campus Corner Tax Increment Finance District (CCTIF)
- 31 Water
- 32 Water Reclamation
- 33 Sanitation
- 321 Sewer Maintenance
- 322 New Development Excise Tax
- 50 Capital
- 51 NORMAN FORWARD Sales Tax (NFST)
- 52 Park Land and Development
- 57 University North Park Tax Increment Finance (UNPTIF) District
- 78 Arterial Road Recoupment

Ms. Connors highlighted FYE 2018 Capital Budget Revenues as:

User Fees - \$6,625,517	PSST - \$725,000
Capital Improvement Charge (CIC) - \$2,106,450	NFST - \$2,950,000
Sewer Replacement Charge - \$623,333	Room Tax - \$220,000
Sewer Maintenance Charge - \$2,800,000	Bonds - \$49,139,999
Sewer Excise Tax - \$143,400	Grants - \$186,453
Capital Sales Tax - \$14,481,387	
Tax Increment Finance District - \$1,310,000	
TOTAL REVENUES	\$81,311,539

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Item 1, continued:

Ms. Connors said FYE 2019 Capital Budget expenditures include:

Capital Outlay - \$4,074,398;
Maintenance of Existing Facilities - \$410,300;
Personnel and Services - \$1,526,012;
Street Maintenance - \$7,045,376;
Transportation - \$6,392,500;
Buildings and Grounds - \$30,300,253;
Parks and Recreation - \$18,614,000;
Sanitation - \$2,652,000;
Stormwater - \$765,000;
Water Reclamation - \$5,146,300; and
Water - \$4,385,400

Total Expenditures: \$81,311,539

Ms. Connors said Council previously discussed Enterprise Funds that include the Water Fund (31); Water Reclamation Fund (32); Sanitation Fund (33); Sewer Maintenance Fund (321); and New Development Excise Tax Fund (322).

There are no projects proposed in FYE 2019 for the Park Land (52); Arterial Road Recoupment Fund (78); and Special Revenue Fund (22).

One PSST Fund (15) project planned for FYE 2019 includes Fire Apparatus Replacement in the amount of \$725,000.

Ms. Connors said the CDBG Fund (21) includes three new projects to be considered as amendments to the FYE 2019 Preliminary Budget include CDBG Land Acquisition, \$116,453; CDBG Target Area Tree Planting Project, \$30,000; and CDBG Cleveland Area Rapid Transit Service (CART) American with Disabilities Act (ADA) Improvements, \$ 40,000.

One Room Tax Fund (23) project consists of the construction of a Bicycle Skills Park in the amount of \$220,000.

Seven projects are proposed for the NORMAN FORWARD Sales Tax Fund (51) includes:

1. Andrews Park Development (first year) - \$1,300,000;
2. Library – New Central Branch - \$18,000,000
3. Griffin Park Remodel (third year) - \$8,600,000;
4. Indoor Aquatic Facility (second year) - \$5,000,000;
5. Indoor Sports Facility (second year) - \$6,000,000;
6. New Community Sports Park Development - \$2,500,000; and
7. Reaves Park Remodel (third year) - \$3,000,000.

Four additional NORMAN FORWARD Sales Tax Fund (51) projects proposed with PayGo funding include Neighborhood Park Improvements (third year), \$500,000; New Neighborhood Park Development (second year), \$300,000; and Ruby Grant Park Development (first year), \$1,250,000.

Ms. Connors highlighted the UNPTIF Fund (57) project that consists of improvements to 24th Avenue N.W. (\$320,750 in FYE 2018, \$1,310,000 in FYE 2019, and \$1,100,000 in FYE 2020).

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Item 1, continued:

Ms. Connors said FYE 2019 Capital Budget expenditures for Capital Fund 50 include Capital Outlay, \$3,349,398; Maintenance of Existing Facilities, \$295,300; Personnel and Services, \$1,526,012; Street Maintenance, \$7,045,376; Transportation, \$5,082,500; Buildings and Grounds, \$1,113,800; Parks and Recreation, \$44,000; Stormwater, \$765,000; and Bond Issue and Debt Service, \$1,472,358. She said total FYE 2019 Capital Fund 50 expenditures are \$20,693,744.

Capital Fund 50 estimates for FYE 2019 are as follows:

• Estimated carryover revenue (includes projects underway)	\$ 9,683,197
• Estimated new revenue	\$21,937,288
• Proposed expenditures	\$20,693,744
• General contingency reserve	\$ 839,460
• Senior Center reserve	\$ 261,770
• Other reserves for Bond Projects	\$10,292,470
• Estimated available for new projects (with cost reductions and new Projects)	\$ (466,959)
• Ending Fund Balance	\$10,926,741

Ms. Connors said Staff is recommending one year deferrals of Capital Fund (50) FYE 2019 projects that include greenbelt acquisition, \$254,125; community/neighborhood improvements, \$100,000; new sidewalks and trails, \$50,000; and Street Division North Base Facility, \$500,000.

Ms. Connors highlighted Staff and City Council recommendations for FYE 2019 that include the following:

• Westwood Tennis Information Technology (IT) Fiber Network Connection	\$ 14,000
• City Data Backup Expansion	\$ 150,000
• Fleet/Line Maintenance North Base Lighting (match)	\$ 9,800
• Technology Place Road Extension	\$ 550,000
• Street Striping Citywide	\$ 200,000
• Fire Station No. Four Rehabilitation	\$ 22,800
• Women's Restroom/Locker Room in Police Building B	\$ 22,500
• Building C Restroom Renovation/ADA Compliance	\$ 50,000
• Sidewalk on Acres; Flood to Porter, North Side	\$ 275,000
• School Gap Sidewalks (Boyd/254th SW: Imhoff/Walnut-Pickard)	\$ 100,000

TOTAL	\$1,394,100
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Councilmember Castleberry said there is a bond project in the PSST Fund for the Emergency Operations Center (EOC) estimated to cost \$10 million, but no funds are budgeted beyond FYE 2020. Ms. Connors said that would be a carryover project and she only identified new projects. Councilmember Castleberry asked if the EOC Project will be completed in FYE 2020 and Mr. Keith Humphrey, Police Chief, said he hopes the project is completed between the summer of 2019 and January 2020.

Items submitted for the record

1. PowerPoint presentation entitled, "Capital Funds FYE 2019 Capital Budget. FYE 2020-2023 Plan," dated May 1, 2018

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Item 2, being:

REVIEW OF THE RECOMMENDATIONS FROM THE UNIVERSITY NORTH PARK TAX INCREMENT FINANCE (UNPTIF) OVERSIGHT COMMITTEE AND THE UNIVERSITY NORTH PARK STATUTORY REVIEW COMMITTEE REGARDING A CITY COUNCIL RECOMMENDATION OUTLINED IN RESOLUTION R-1718-98.

Mayor Miller said in February 2018, four Councilmembers submitted a letter to the City Manager using the “Rule of Three” requesting documentation be drafted by Staff that could be presented to Council determining a 21st Century Senior Center be considered as a Cultural Facility as provided in the UNPTIF No. Two and a resolution be drafted addressing this proposed objective and presented to the Council at the next meeting. She said on February 27, 2018, Council reviewed a resolution proposing money that had been authorized for a Cultural Facility in the UNPTIF Project agreement be used for a Senior Citizen/Cultural Facility to be located on land adjacent to the YMCA where the City is attempting to trade land from the University of Oklahoma (OU) to construct an Indoor Aquatics Facility and Indoor Multi-Sport Facility as outlined in the NORMAN FORWARD projects voted on by the public. The resolution further directed the Statutory UNPTIF Committee be convened and, as Mayor, she was authorized to appoint members to the Statutory Committee consisting of members of the UNPTIF taxing jurisdictions as well as members from the Planning Commission and three at-large members. The resolution also stated that information presented to Council at the meeting would be forwarded to the Statutory Committee. She said the information was also forwarded to the UNPTIF Oversight Committee, which is the ongoing committee responsible for reviewing and overseeing that revenues from the UNPTIF are being used in accordance with the Project Plan.

Mayor Miller said both Committees met and on March 27, 2018, the UNPTIF Oversight Committee passed a unanimous recommendation that states, “The Oversight committee for the UNPTIF recommends to add up to \$12,500,000 to the amended Project Plan for an additional authorized project for construction of a Senior Citizen’s Center and that it be expedited through the statutory approval process.”

On April 13, 2018, the Statutory Review Committee met and after much discussion unanimously passed the following motions:

That the \$8.75 million Project Cost component for the Cultural Facility not be used outside of the Increment District.

That it be strongly recommended to the City Council that an additional Project be added to the UNP Project Plan for a Senior and Cultural Center in an amount to be determined by City Council after appropriate study and that this group supports current funding mechanisms to fund a Senior and Cultural Center in the Project Area.

That the Council consider additional Project Costs, including, but not limited to, a multi-purpose facility at the County Fairgrounds. (suggested by Cleveland County Commissioner, Darry Stacy).

Mayor Miller said these recommendations are being presented to Council for consideration and if Council decided to add a project in the approximate amount of \$8.75 million to the UNPTIF then that would extend the present UNPTIF another two years beyond the date that all authorized costs could be completed, which is 2021. This additional project would require an amendment to the Project Plan and be approved by the Statutory Committee as well as the Planning Commission.

Item 2, continued:

Mayor Miller said Council has been struggling for a couple of years on how to construct a Senior Center because advocates for a Senior Center do not want it to be in the current library building as proposed in a bond issue passed in 2008. She said Council has not been able to find a way to fund a stand-alone Senior Center, which is what senior citizens have requested. She said a Senior Center near the YMCA seems to be a viable option and great opportunity so she recommends amending the Project Plan to use money for a Senior Center at that location.

Councilmember Clark is concerned about taking any action while the land trade is still up in the air. She said it seems silly to extend the UNPTIF for a project at a location where the City does not actually own the land to construct a Senior Center. Is there a way to extend the project area so Council can build a Senior Center at another location and not have to rely on land currently owned by OU? Mayor Miller agreed and said she would not want to finalize anything until the City is sure they have the land. Councilmember Clark said it is silly to even be talking about this now and Mayor Miller said Council requested the Statutory Committee be convened to discuss this project and make a recommendation to Council. The UNPTIF Oversight was also requested to review the request for their recommendation and both Committees have done their duty and those recommendations are being presented to Council. She said if Council wants to postpone discussion until the land deal is completed, that can be done.

Councilmember Clark said Cleveland County Commissioner Darry Stacy suggested constructing a facility at the Cleveland County Fairgrounds, but how would Council use the UNPTIF funding there? Ms. Emily Pomeroy, Center for Economic Development Law (CEDL), said the Project Plan can be amended to change the project area and the City can explore whether or not the fairgrounds would be an option statutorily. She said the Senior Center would not be generating any increments so that is why it would take a couple of years to generate the money to fund the facility.

Councilmember Clark said Andrews Park was one of several locations suggested for a Senior Center and she likes that idea because it has a walkable feature to downtown Norman and the Central Library, but she also likes the fairground location. Ms. Pomeroy said Andrews Park is in close proximity to the existing project area so the project area could possibly be increased to include the Park. She said Council would need to look at public improvements needed to make the park site developable. She said the UNPTIF is a revenue stream for all taxing jurisdictions within the Project Plan and there are no restrictions on how they use those funds.

Councilmember Castleberry asked if the Andrews Park site would statutorily qualify and Ms. Pomeroy said there are no geographical statutory restrictions on how large a project area can be.

Councilmember Clark asked if there is a possibility of NORMAN FORWARD funds that may become available in the future being used for a Senior Center in Andrews Park without having to amend the project area. Mayor Miller said there is a possibility of available funds based on project costs that are ongoing. Councilmember Clark said she does not want to move forward until land issues are solved.

Councilmember Wilson said Council should be careful about moving forward with any plans until budget and land issues are resolved.

Councilmember Clark would like to know what the other taxing jurisdictions have planned for the Cultural Facility within the UNPTIF because there may be potential for compromise. If the Cultural Facility is not going to happen then the City should move forward with amending the Project Plan and discussing options for those funds. There is so much up in the air right now she does not know how Council can act upon the recommendations, but she would love to sit down with the taxing jurisdictions to discuss what they envision for a Cultural Facility. Mayor Miller said, at this point, the taxing jurisdictions have said they were not ready

Item 2, continued:

to take anything out of the Project Plan because of things that could happen in terms of other uses for the funds. She does not think there is a vision for a specific use, but the vision is more about constructing something that would attract people from other places to stay in the hotels, spend money in the restaurants, and be a regional attraction.

Councilmember Wilson would like a definition of a Cultural Facility from the taxing jurisdictions. She said it is time to identify that project.

Councilmember Castleberry said from the taxing jurisdictions point of view, we were doing a 50/50 split. The \$8.25 TIF money was not supposed to fully pay for a cultural center. It was to be combined with another \$8.25 million from property taxes to get a \$15 million facility. The beauty of it is half the property taxes, not 100%, are going to pay for the facility so he believes the taxing jurisdictions are looking at it from a leveraging point of view.

Mr. Jeff Bryant, City Attorney, said the taxing jurisdictions' concern was to have the Cultural Facility in the increment area so it would generate ad valorem increment and in the future would generate ad valorem taxes for their benefit. They objected to constructing anything outside of the increment district whose use would not generate ad valorem taxes. He said it is the City's project so it is the City's decision on defining what is a cultural facility, not the taxing jurisdictions.

Councilmember Bierman said if the Cultural Facility is going to be something that is generating ad valorem revenue would it need to be privately owned? Could the City own it and still generate ad valorem tax? Mr. Bryant said the increment district includes a covenant that even if the facility has a non-profit owner, the facility is still required to pay a payment in lieu of increment so increment is generated during the life of the Project Plan.

Mayor Miller likes the idea of amending the Project Plan and if the City is able to secure the land this would solve the Senior Center problem plus it would be in an area where other venues are taking place that senior citizens can utilize.

Councilmember Hickman said he is perplexed on where to go from here. He hears the City Attorney saying it is the City's call on the definition of a Cultural Facility and the City Council has unanimously passed the resolution for funding and requesting the Cultural Facility to be a Senior Center. He has great respect for the other taxing jurisdictions not wanting to move forward with that so the City is at an impasse. He wondered if the City needed a working committee to create a definition for a Cultural Facility because as he recalls that has been in the Project Plan for over ten years and if it is intended to be put to use to make money then build it to make money, otherwise help the senior citizens with a Senior Center. Even if a Cultural Facility is built in the UNPTIF there would be two acres not being utilized that could be developed with something of value.

Mayor Miller cautioned Council to think long and hard about overriding the recommendation of the Statutory Committee and UNPTIF Oversight Committee. She said those committees consist of the City's partners and they have been partners with the City on this project since 2006.

Councilmember Holman said one possible solution to explore would be to use NORMAN FORWARD funds designated for an Aquatic Center be used for a Senior Center and the Aquatic Center could become the Cultural Facility because it would generate revenue, would be a regional attraction, and fits the idea of what a Cultural Facility would be. He said in original discussions regarding an Aquatic Center, the PISCES Project was debated for the UNPTIF area. Mr. Bryant said the City would need a partner to help fund the total costs of the project whether that is a Cultural Facility or other venue.

Item 2, continued:

Councilmember Bierman felt discussion should move forward while the City is waiting on the land issue to be solved because Council can have creative discussions about how to use this money.

Councilmember Clark felt the City should be having these conversations with its UNPTIF partners as well as the community. She suggested holding meetings to include the public for their input and Councilmember Wilson agreed.

Councilmember Wilson said she is worried about the General Fund Budget and felt the best solution would be to end the UNPTIF. She said maybe Council should direct staff to provide other options of how to fund a senior center because that is the one project that has been pushed off for 10 years. Councilmember Hickman agreed with Councilmember Wilson regarding the General Fund Budget and said two pathways to helping the General Fund would be the creation of Stormwater Utility and ending the UNPTIF. He said these are two very important issues Council needs to be discussing in length to avoid a budget shortfall or cutting services. Councilmember Clark reminded Council while they make these tough budget decisions, there is a revenue solution to construct the senior center in the old library.

Councilmember Hickman was disappointed utilizing the UNPTIF funds for a Senior Center/Cultural Facility to be located next to the YMCA were not well received by the two committees reviewing the resolution from Council. He felt it could have been a positive connotation for the UNPTIF. He would like to hold a joint meeting with the Statutory Committee to explore Council's request for the use of the UNPTIF Funds.

Mayor Miller said the Oversight Committee and Statutory Committee both recommended the \$8.5 million not be used anywhere other than the UNPTIF increment area and did not agree that using the money for a Senior Center/Cultural Facility outside of the UNPTIF increment area would be an appropriate use.

Councilmember Wilson said Council is the governing body and the other taxing jurisdictions are not dealing with revenue shortfalls in the City's General Fund. Mayor Miller said the other taxing jurisdictions are having budget issues as well and she is concerned about Council overruling their recommendation especially if partnerships are needed in the future.

Councilmember Hickman would be open to holding a joint meeting with the Statutory Committee in a Council Study Session to include the public. Councilmembers Wilson and Bierman agreed that a joint Study Session to include the public would be helpful to Council. Councilmember Bierman thinks everyone has positive intentions, but they need to be discussed as a group.

Councilmember Clark would like to negotiate the percentage of sales tax increment that goes into the UNPTIF because she understands that the other taxing jurisdictions are not in favor of ending the UNPTIF early. Councilmember Hickman agreed and said having that conversation is a way to protect the schools. He said Council should look at recalculating the increment formula by stepping down the increment and allowing it to trickle at a slower rate over the full 25 year term. Ms. Pomeroy said the formula could be restructured with a Project Plan amendment and that is one of the things to discuss with the taxing jurisdictions since the growth in property value of the remaining undeveloped property has potential for them as a revenue source so just letting the revenue trickle in would affect their operating funds. She said there would be financial implications to all affected taxing jurisdictions, including the City of Norman.

Mayor Miller said there appears to be consensus to hold a meeting with the taxing jurisdictions and requested Ms. Pomeroy review the UNPTIF percentages as well as appropriations from sales tax to discuss an amendment to the formula.

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Item 2, continued:

Items submitted for the record

1. Memorandum dated April 30, 2018, from Jeff H. Bryant, City Attorney, to Mayor and Councilmembers
2. Text File R-1718-98 dated February 22, 2018, by Jeff Bryant, City Attorney
3. Resolution R-1718-98
4. University North Park Tax Increment District Project Statutory Committee Recommendations
5. 2006 UNPTIF – History to 2018 (25 year project) and 2006 UNPTIF – Conference Center; Traffic Improvements; Legacy Park; Quality Jobs; Cultural Facility; and Regional Draw project costs and How Much Time Remains
6. Norman TIF District No. 2 Actual Sales Tax Receipts After Transfer Adjustments
7. City of Norman Senior Center – Existing Library Site Option “EL”
8. 2018 Amended Project Plan – Senior Center Added to Project Costs
9. Letter dated March 27, 2018, from Fred Walden, Chair, UNPTIF Oversight Committee, to Honorable Trustees of the Norman Tax Increment Finance Authority

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The meeting adjourned at 6:39 p.m.

ATTEST:

City Clerk

Mayor