



## Legislation Text

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**File #:** O-1819-9, **Version:** 1

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CONSIDERATION OF ORDINANCE O-1819-9 UPON SECOND AND FINAL READING: AN ORDINANCE OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, ADOPTING AND RATIFYING THE ASSESSMENT ROLL FOR THE UNIVERSITY NORTH PARK BUSINESS IMPROVEMENT DISTRICT; ESTABLISHING THE TIME AND TERMS OF PAYMENT OF THE ASSESSMENTS AND OTHER EXPENSES; FIXING PENALTIES TO BE CHARGED FOR DELINQUENT PAYMENT OF THE ASSESSMENT OR AN INSTALLMENT THEREOF; SETTING FORTH THE TRACTS OR PARCELS OF LAND AGAINST WHICH THE ASSESSMENTS ARE BEING ADOPTED, RATIFIED AND LEVIED; DIRECTING THE CITY CLERK TO PREPARE, SIGN, ATTEST AND RECORD WITH THE COUNTY CLERK OF CLEVELAND COUNTY, FOLLOWING PASSAGE OF THE PAYMENT DEADLINE, A CLAIM OF LIEN FOR ANY UNPAID AMOUNT DUE AND ASSESSED AGAINST A TRACT OR PARCEL OF LAND; PROVIDING FOR THE SEVERABILITY THEREOF.

**BACKGROUND:** The Project Plan for the University North Park Tax Increment Finance District (UNP TIF; Ordinance 0506-66) provided for the Development of Legacy Park. Development Agreement No. 3 (2007) escalated the Park construction schedule ahead of the proposed Lifestyle Center construction schedule. Development Agreement No. 3 also provided that the Developer donate the Park property to the City, the City then construct the Park, and the Developer would then maintain the Park (excluding capital maintenance items). Development Agreement No. 3 also provided \$900,000 in TIF revenues to serve as Development Assistance for the purpose of helping to establish a viable maintenance fund for the Park.

The optimism of accelerating Legacy Park construction was dampened by the nationwide economic downturn of 2008. However, work on Legacy Park continued with completion of the Legacy Park design in the fall of 2009. The architectural design of the Park, accepted by Council, was recognized by the American Society of Landscape Architecture as the recipient of the Central States Design Honor Award.

Other work on Project Plan components continued, such as solidifying funding for the Rock Creek Overpass construction, intersections at Rock Creek Road and 24<sup>th</sup> Avenue and Legacy Park Drive and 24<sup>th</sup> Avenue, the purchase of land for economic development purposes by the Norman Economic Development Coalition, and continued retail development. After the completion of Rock Creek Overpass, additional work was done to solidify funding for Legacy Park construction.

Development Agreement No. 5, approved by Council in 2012, among other things, solidified funding for Legacy Park construction and solidified the Legacy Park and Legacy Trail maintenance structure. University Town Center LLC (the "Developer") and University North Park, LLC (a wholly owned subsidiary of the OU Foundation and owner of most of the northern portion of the TIF increment district) agreed to request that the City create a Business Improvement District (BID) to provide enhanced maintenance for both Legacy Park and Legacy Trail.

BID's are allowed under Oklahoma law for a variety of purposes, including funding the acquisition, construction, installation or maintenance of capital improvements including parks, fountains and planting areas and associated improvements. Oklahoma law states that improvement districts may be created after a petition for such improvements containing signatures from a majority of the owners of record of more than one-half of the area liable to be assessed under the proposal is filed with the City Clerk. In the case of the UNP BID, the City received a petition with signatures from 81.93% of the property owners of record liable to be assessed under the proposal on June 19, 2014.

As provided in Development Agreement No. 5, the BID provides \$200,000 annually for maintenance of Legacy Park and Legacy Trail throughout the TIF district for a period of ten (10) years. To assist the BID in its activities, \$900,000 of TIF funds were to be used to offset a portion of the BID Assessments against individual property owners over the first 8 years of the BID while allowing further development to occur in University North Park. With additional development comes a broader base of developed property across which the assessment can be applied, thus creating a more equitable and level assessment against developed property over the term of the BID.

In the first year of the BID, only accumulated TIF revenues of \$200,000 were available for maintenance costs. In the second year of the BID, \$175,000 of accumulated TIF revenues plus a \$25,000 assessment spread among all owners of developed property within the BID were available for maintenance. In the third year, \$150,000 of accumulated TIF revenues plus a \$50,000 assessment spread among all owners of developed property within the BID was available for maintenance. In the fourth year, \$125,000 of accumulated TIF revenues plus a \$75,000 assessment spread among all owners of developed property within the BID will be available for maintenance. This pattern will continue until the full \$200,000 assessment is spread among all property owners of developed property within the BID. This approach leverages the \$900,000 of TIF Development Assistance funds with matching assessment to owners of developed property for a total of \$2,000,000 for enhanced Park and Trail maintenance and BID activities over a ten year period.

There are several steps involved for establishing a business improvement district. First, the City must adopt a resolution (R-1314-144) acknowledging receipt of the Assessment Plat, determining that the creation of the district is necessary, and instructing the City Clerk to give notice of a hearing on the district. Such notice must be given to each property owner at the address on file at the Cleveland County Treasurer's Office and published in the newspaper. On July 8, 2014 Council adopted a resolution formally creating the district and adopting the first assessments applicable to each property in the district. Property owners had thirty (30) days to object to the formation of the district and/or the assessment applied to their particular property.

Each year since its creation, City staff has developed an Assessment Roll using the formulas established in the original BID Petition that determines the amount owed by each owner of developed property in the BID District. The Assessment Roll is filed with the City Clerk, and staff brings forward a resolution acknowledging Council's receipt of the Assessment Roll and instructing the Clerk to provide notice to the property owners of a hearing on the Assessment Roll. Notice is provided by mail and publication pursuant to state law. Property owners will have the opportunity to speak regarding the assessments at the public hearing and then Council will be asked to adopt an ordinance levying the assessments. Staff sends out the invoices in November, and payment is due in March of the following year.

This year, the assessments are assessed against all of the property that was developed in UNP by December 31, 2017. Those properties were assessed by the Cleveland County Assessor's Office in early 2018 and the BID assessments for the 2019 Assessment Roll are based on the taxable value assigned by the County Assessor.

**DISCUSSION:** Ordinance O-1819-9 formally ratifies the 2019 Assessment Roll as presented and sets the deadline for payment of such assessments for March 31, 2019. Following the pattern outlined above, the one hundred twenty-five thousand dollars (\$125,000) in BID assessments levied and collected this fiscal year will be budgeted along with \$75,000 in City TIF revenues for use in FYE 2020. The Ordinance also establishes a 10% penalty fee should a property owner fail to make such payment. Once the payment deadline passes, a lien will be filed with the Cleveland County Clerk's office for any properties for which timely payment hasn't been received.

Assessment payments will be receipted into revenue account UNP TIF Assessment District (057-0000-355.16-90).

When City Council first adopted the UNP BID District in 2014 after receipt of the Petition from property owners, a Citizen Oversight Board was established. The Oversight Board meets on a regular basis, usually 6 times per year, to discuss, monitor and recommend to the City Council how the UNP BID funds are to be utilized. The primary use of the UNP BID funds has been for Legacy Park grounds and restroom maintenance, holiday decorations, and partnering with the developers to pay for the design and construction of decorative entrances into the University North Park development that carry the design themes of Legacy Park.

**RECOMMENDATION:** Staff recommends adoption of Ordinance O-1819-9 on First, Second and Final Reading.