

CITY COUNCIL  
BUSINESS AND COMMUNITY AFFAIRS COMMITTEE MINUTES

August 2, 2012

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 Conference Room on the 2nd day of August, 2012, 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 Kovach, Jungman, Lockett, and Spaulding

ABSENT: Councilmember Williams

OTHERS PRESENT: Councilmember Roger Gallagher, Ward One  
Mr. Trey Bates, 3720 Timberidge Drive  
Ms. Jayne Crumpley, 423 Elm Drive  
Mr. Evan Dunn, 1014 Missouri Street  
Ms. Joy Hampton, The Norman Transcript  
Mr. David Hopper, 1620 Oriole Drive  
Mr. Ross Robinson, Norman Economic Development Coalition  
Mr. Don Wood, Norman Economic Development Coalition Executive Director

STAFF PRESENT: Ms. Courtney Bucklin, Intern City Attorney  
Mr. Terry Floyd, Development Coordinator  
Mr. Steve Lewis, City Manager  
Ms. Kathryn Walker, Assistant City Attorney  
Ms. Karla Chapman, Administrative Technician

Item 1, being:

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

Ms. Kathryn Walker, Assistant City Attorney, said the creation of a public trust authority to facilitate potential economic development incentives was identified as a priority by the Business and Community Affairs Committee (BACA) in August 2011, and also by full Council at a Planning Retreat in September 2011. She said the creation of the Norman Economic Development Authority (NEDA) was approved by Council on June 12, 2012.

Ms. Walker said at the June meeting, the consensus of the BACA Committee was to move the Economic Development Advisory Board (EDAB) language out of the trust indenture to allow Council the opportunity to discuss issues such as Board purpose, Board composition and qualifications, and the definition of goals to be achieved to be considered for public financing assistance for economic development projects.

Ms. Walker said Staff presented a draft ordinance creating the EDAB to the BACA Committee on July 5, 2012, and the Committee discussed Board composition and qualifications of the EDAB members, as well as the goals.

The Committee's suggestions were presented at the July 10, 2012, Council Conference and Council requested BACA to continue to work to develop economic development policies and thresholds. Ms. Walker said Staff will review the available options for economic development assistance to include the applicable criteria.

Mr. Don Wood, Director, Norman Economic Development Coalition (NEDC), highlighted the economic development tools/programs currently available; including those utilized by NEDC.

**Oklahoma Quality Jobs** is a State program which gives qualifying enrolled companies quarterly cash rebates of up to five percent (5%) of taxable wages for up to 10 years. In 2005, new legislation under Title 68 Oklahoma Statute § 3601 et seq., allowed companies in the program who expand again to receive up to six percent (6%) wage rebates based on meeting certain criteria. Manufacturers and certain service companies who would qualify for the Quality Jobs Program must have a new payroll investment of \$2.5 million or more. He said the companies must meet minimum wage, equal to the lower of average county wage or \$30,754, and health coverage requirements. The average county wage for this program is based on data from the United States Department of Commerce and Cleveland County's average wage is \$33,885. Companies receive quarterly cash payments of up to five percent (5%) of newly created gross taxable payroll paid by the Tax Commission but businesses can not qualify for more than one program incentive at a time. He said there are no clawbacks; the Quality Jobs Program has "pay as you go" incentives; and rebates are cash payments from the State after jobs are created and taxes are paid. He said businesses can have multiple programs at one time as long as threshold(s) are met. An example of a Quality Jobs Program is as follows:

❖ 200 employees x \$44,000 (annual salary) x 5.0% = \$440,000 - Ten Year Periods Total = \$4,400,000

**Small Employer Quality Jobs** is a State program and was modified approximately seven to eight years ago. A small employer is defined as 90 employees or less and the program incentive gives up to a five percent (5%) cash back, based on new taxable payroll for up to seven (7) years to locate or expand to Oklahoma. Wages generally must be at least 110% to 125% of the average county wage (\$33,755 to \$38,358). Qualifying industries include manufacturing, research, development and testing labs, corporate offices, certain warehouse operations, air transportation, etc. Mr. Wood said the average county wage for this program is based on data from the Oklahoma Employment Security Commission and Cleveland County's average wage is \$30,686.

**21<sup>st</sup> Century Quality Jobs** is a State program and was created to attract growth industries and sectors by rewarding businesses with a highly skilled, knowledge-based workforce such as Boeing. Qualifying companies may be eligible for a rebate equal to up to twice the Net Benefit rate of the Quality Jobs Program, or 10% of the taxable payroll of these new jobs, to be paid in cash on a quarterly basis. This program lasts for up to 10 years. Qualifying businesses for this program require a minimum of 10 new direct jobs with three (3) years to "ramp up" to this level of jobs. Companies must meet minimum wage (the lower of 300% of average county wage or \$97,381) and health coverage requirements. Mr. Wood felt this program was a leap forward and that NEDC contacted several engineering companies to let them know about this program.

**PrimeWIN** is another State program and companies with a qualifying federal contract to work in a qualifying basic industry are eligible. Benefits are based on qualified labor hours generated under the contract by the prime contractor and qualified sub-contractors. Net benefit range is from .25% to 2% of "reimbursable labor rate" outlined in the federal contract. Mr. Wood said NEDC has not had the opportunity to utilize this program.

**Ad Valorem Tax Exemption(s)** is also a State program and qualified manufacturers, research and development companies, and certain computer and data processing companies are eligible. Eligible companies must also have an investment of at least \$250,000 and additional annualized payroll of \$1 million to qualify for the

program. Ad Valorem exemption(s) last up to five (5) years, are approved annually, and the State reimburses local taxing jurisdictions. Mr. Wood said there have been several Norman businesses that have taken advantage of this program. School systems are not affected by these exemptions.

**Industrial Access Road Assistance**, a State program, is designed to provide assistance to local industrial development efforts by funding access facilities connecting a specific industry or industrial area directly to the state or local road system. Mr. Wood said this program is administered through the Oklahoma Department of Transportation (ODOT) and applications for assistance are made through local governing bodies. He said examples of Norman businesses who have utilized the Industrial Access Road Assistance Program include Sysco, Southwest Wire, and Norman Business Park.

**University North Park Tax Increment Finance (UNPTIF) Project Plan** is an economic development tool – revenue stream and is a local program. Ms. Walker said elements of the UNPTIF include up to \$8.25 million has been apportioned from UNPTIF revenues; 50% of Ad Valorem taxes has been generated from the Economic Development (ED) tract; 10% Sales Tax has been generated in the UNPTIF; and an Economic Development Sales Tax Increment (additional reservation of sales taxed on projected sales taxed generated by new Quality Jobs Payrolls).

The Norman Tax Increment Finance Authority (NTIFA) authorized ED Revenue Notes of \$16.5 million in September 2010 issued to NEDC in June 2011. Ms. Walker said the UNPTIF ED requires approval of a Development Agreement to draw on the note which would include a qualifying employer, timeline for job creation, and appropriate clawbacks. She said one note is funded via TIF ED revenue stream and one note is funded via State Program revenue streams. Councilmember Jungman asked who would owe the debt and Ms. Walker said the NTIFA.

Mr. Wood said NEDC Incentives Policy for UNP include annual cash rebates for up to 10 years from the purchase of a lot; the amount of rebate is tiered based on salaries (minimum salary eligible for rebate is \$35,000); additional rebates from TIF revenues, requires development agreement with appropriate clawbacks; and companies relocating *within* Norman must increase the number of employees by 35% within five (5) years, document that their current location cannot accommodate additional space needed, and their current lease is ending and/or landlord does not object to early termination of lease.

**Land Development**, is a local development tool incentive and NEDC targets industrial and office uses. Mr. Wood said NEDC spoke to and encouraged developers to develop industrial and office use tracts, but they were not interested; therefore, NEDC purchased Norman Business Park approximately four (4) years ago and offered to sell the land sites at a reduced rate as an incentive. Mr. Wood said NEDC used eight (8) different banks to purchase the land previously owned by 3M; a company who felt the land was not large enough, did not like the topography, and sold the property to NEDC at \$8,700 per acre. He said currently there are approximately 1,200 jobs located in Norman Business Park and examples of current businesses include Alban, Office Max, Immy, Health Engineering Systems, Sitel, and Swent.

Ms. Walker said the estimated timeline going forward on the EDAB is as follows:

- September – October: Research, present, and discuss policies from other cities
- October – November: Evaluate which components to incorporate as Norman's economic development policies and goals
- December: Finalize draft of City's Policy Statement

Ms. Walker requested direction from the Committee as to whether this timeline needed to be shorter or longer. Chairman Kovach said longer meetings could be scheduled in order to cover more topics, but he felt the timeline was appropriate because it would allow more time to understand the information to be discussed and/or presented and the Committee agreed.

Mr. Wood said incentives offered to businesses are only part of the puzzle and that companies and/or businesses focusing only on money are probably not good for Norman. He said the City needs to have a balance and prefers companies offering 200 to 300 jobs because they do not dominate the community and/or other businesses. Mr. Wood felt the City, NEDC, and NEDA should use diversity, i.e., build businesses, take care of existing Norman businesses, and attract new business to the Norman area.

Mr. Wood said the Association of Central Oklahoma Governments (ACOG) will be presenting a regional economic development plan on August 9, 2012, and Chairman Kovach requested NEDC provide an update on ACOG's presentation stating the City could use the plan for information purposes.

Councilmember Gallagher asked if retail companies qualified for the State Quality Jobs program and Mr. Wood said no because retail typically follows a base industry. Councilmember Jungman asked if TIF districts are designed to create retail jobs and Mr. Wood said no, TIFs are retail sales tax driven.

Mr. Trey Bates, local developer, said he appreciated the proposed timeline schedule and felt NEDA will provide a mechanism to assist Norman. He hopes continued discussions will give Council direction when creating the EDAB because Norman needs not only quality jobs and retail businesses, but parking garages, etc., as well.

Mr. David Hopper, former Councilmember Ward 6, said in approximately 2005, the City and NEDC collectively hired Buxton Company to do a retail study for Norman. He felt Staff could use the retail study as a tool in moving forward with EDAB policies and goals.

Chairman Kovach felt everyone wanted Norman to have successful economic development and emphasized that the EDAB will help do so.

Items submitted for record

1. Memorandum dated July 26, 2012, from Kathryn L. Walker, Assistant City Attorney, through Jeff H. Bryant, City Attorney, to Members of the Business and Community Affairs Committee
2. PowerPoint presentation entitled, "Economic Development Tools," Business and Community Affairs Committee, dated August 2, 2012

Item 2, being:

MISCELLANEOUS DISCUSSION.

None

The meeting adjourned at 10:00 a.m.

ATTEST:

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City Clerk

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Mayor