

CITY COUNCIL STUDY SESSION MINUTES

October 18, 2011

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in Study Session at 5:35 p.m. in the Municipal Building Conference Room on the 18th day of October, 2011, 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 Dillingham, Gallagher, Griffith, Kovach, Lockett, Quinn, Spaulding, Mayor Rosenthal

ABSENT: Councilmember Ezzell

PRESENTATION BY REPRESENTATIVES OF THE DEVELOPER REGARDING THE UNIVERSITY NORTH PARK TAX INCREMENT FINANCE (TIF) DISTRICT.

Mr. Jeff Bryant, City Attorney, said there have been several discussions regarding the University North Park Tax Increment Finance (UNP TIF) District and interest in an update of the Lifestyle Center progress. He introduced Mr. Frank Gophold, Gophold Architecture, and Mr. Bob Stearns, Sooner Investments, representing the University Foundation and the Architectural Review Board (ARB).

Mr. Gophold updated Council on the UNP TIF Master Plan and how similar the Master Plan is to the current plan and presented design examples of "Village Centers" to give Council a feel of what has been successful in other communities and how that might fit into the UNP TIF Master Plan. He said in 2007, it was anticipated that Embassy Suites Hotel would be constructed along with Legacy Park, which would have pathways to Embassy Suites and the Village Center. He said the Village Center would have retail shops on both sides of the street. He said several anchor stores were anticipated to be constructed around the perimeter of the Village Center. He said one thing that has changed, due to market conditions and interest in the project, is that a portion of land is being sold for a second and possible third hotel in the future. He said the cluster of hotels and convention facilities will help anchor the Village Center. Mr. Gophold displayed the design for park space, green space, round-a-bouts, and intersections within the Village Center. Mayor Rosenthal asked about the difference in street width in the current concept versus the original concept as well as the width of the park space and green space. Mr. Gophold said the street width is going from 85 feet to 160 feet, but to maintain a sense of pedestrian scale the developer will plant a double row of trees in the green space. He said the green space could be anywhere from 25 to 40 feet wide, but could vary since it may angle along the roadway. He said any variance in the width will depend on the tenants that want to build in the Village Center and their location. Councilmember Dillingham asked if the Village Center is still going to be exclusively retail or has that changed from the original concept and Mr. Gophold said, originally, it was all retail, but, as on the west side, there have been leases to service providers so it is hard to determine whether or not the Village Center will remain exclusively retail. Councilmember Dillingham said the Village Center is supposed to be driving the "spectacular" retail vision and asked if that is still true and Mr. Gophold said yes.

Councilmember Kovach presented slides that were originally presented to the UNP TIF Committee when the project was first proposed to the City. He said he liked the original design with the gothic like entrance to the UNP TIF, quality of landscaping, and aesthetics of the project. He said, in the current plans, he does not see the level magnificence expected in the UNP TIF, which does not have anything to do with the tenant mix, but the landscaping and architecture. He asked if that level of magnificence is forthcoming and Mr. Stearns said the project is similar to an artist with a canvas that is half complete. He said the Village Center is just a piece of the puzzle and all pieces will fit together in the end.

Councilmember Dillingham asked what was driving the remaining portion that is suppose to be the higher end destination, which is the Lifestyle or Village Center. She said the vision is what is critical to the success of the project because if the City does not succeed in the original vision, which includes as much of the finished canvas in terms of amenities, site planning, decorative pieces, and landscaping, then the City will not be able to attract the level of business to the area to make it a success for Norman's economy. Mr. Gophold said the developers never intended to change any of the aesthetics and continue to envision the original aspects of the project.

Councilmember Griffith felt that in terms of a finished product, the project will morph as tenants express interest in certain pieces of property, and asked if tenants will be required to match the overall vision of the project for consistency. Mr. Gophold said the tenants have the same vision and although they will have some input, they all have the same goals for the project. He said the only tenants that would have input to any design element or location element are the big anchor tenants. He said the developer invites their input in order to attract quality tenants. Councilmember Griffith said the biggest disappointment he has experienced in the area is that one of the major tenants, Academy Sports, does not seem to have met the design criteria/architectural standards that most of the development has met. Mr. Gophold assured Council that situation was unique and would not happen in the Village Center or other parts of the development. Mr. Sterns said as development continues around Academy, it would no longer stand out. Mr. Gophold said Target and Academy sell the highest volume of product, per square foot, than anyone in their industry.

Councilmember Kovach said tenant mix is important because the Cannibalization Study indicated one of the reasons the UNP TIF should be successful is that it is supposed to bring in businesses that would not come to Norman otherwise. He said, in tonight's presentation, he did not see regional draws and felt the public expects a certain level of retail stores that go beyond what has been presented tonight. Mr. Stearns said it is all about the anchor and creating an environment where the anchor wants to locate. He said the City has to land one, two, or three department store type anchors. He said the anchors will come because of foot traffic created by stores like Target, Academy, and Kohl's that are already in the development. He said one of the missing links is a large scale grocery store unique to the area, which is a component seen in Village Centers across the nation along with convention style hotels that draw restaurant traffic. He said four department stores continue to have interest in the UNP TIF location based on information submitted to them in 2006 and although these stores may not be new to Oklahoma, they will certainly be new to Norman.

Mr. Gophold said the developer hopes to start construction of Legacy Park soon. Councilmember Quinn said each design presented tonight points to a focal point such as a gazebo or landscaping feature and Legacy Park has always been the City's focal point in this project. He asked if a park would have a positive effect on the draw of people and therefore be a draw for the different retailers and if there was a reason construction could not begin immediately. Mr. Bob Stearns, developer, said it would absolutely be a benefit to get started on Legacy Park now.

Councilmember Kovach said tonight's presentation had included talk about an ARB and asked what the ARB was and its purpose. Mr. Stearns said the ARB is the Architectural Review Board set up by the University Foundation of Trustees and the concept of an ARB has always been attached the development of the UNP TIF. He said the ARB is charged with reviewing the submitted designs by either in-house architects or other architects as they relate to the minimum design standards in the UNP TIF.

Councilmember Kovach asked about the difference between a Lifestyle Center and Village Center and Mr. Stearns said no bank in the country will finance a Lifestyle Center at this time; however, banks will finance a Village Center even though there is no difference between the two. He said it is all about marketing.

Councilmember Quinn asked if there is a timeline for any of the larger anchors and Mr. Gophold said the next step will be to obtain a quality grocery store, finish building a top notch hotel, the Residence Inn, and then construct smaller stores around Academy Sports. He said he expected some larger, unique stores to be opening in the next eighteen months.

Mayor Rosenthal asked if the Village Center would have the same square footage as the Lifestyle Center depicted in the original master plan and Mr. Gophold said it would be a smaller amount of footage due to the economic climate and retailers not wanting to build huge stores. He said prospective retailers are beginning to look favorably upon Oklahoma.

Mayor Rosenthal said she would like Staff to review the fundamental economic changes of having two hotels instead of a theatre and less square footage in the Village Center. She said the whole project is based on projected revenue streams that were based on assumptions in the original plans. She asked for an updated financial analysis that depicts the expected revenues to ensure that financial projections will be met with the changes. Mr. Stearns said he did not believe the projections would substantially change as dollars are just being shifted around. He said most of the sales will come from the large anchor tenants and that has happened and will continue to happen. He said the UNP TIF is sales tax and Ad Valorem tax based and the hotels add a big base to the Ad Valorem side and promote retail sales within the Village Center so the trade-offs will be negligible. Councilmember Quinn said sales tax is the City's meat and potatoes and empty "boxes" equal no sales tax. Mr. Stearns said there was one empty storefront, but that was filled within one year. Councilmember Dillingham said the City must be able to believe that it can attract the businesses that will pan out to produce the kinds of sales tax the City requires for the UNP TIF to be successful. She said it is imperative to be able to recover the sales taxes within the parameters predicted. Mr. Stearns said from day one, development has progressed as anticipated and, if anything is ahead of schedule, which is remarkable.

Councilmember Dillingham asked if there was any reason to expect that the development of the Village Center would be substantially delayed from the original projections and Mr. Stearns said no.

Councilmember Kovach said there may not be a "hole" in the UNP TIF, but there is a hole elsewhere in Norman due to Ulta relocating from Ed Noble Parkway into the UNP TIF, which the Council looks at as cannibalization. Mr. Stearns said Ulta was looking at closing the store in Norman because it was unsuccessful and they had to go through a harsh application process before being accepted in the UNP TIF.

Councilmember Kovach asked if Mr. Stearns was familiar with the Lifestyle Center in Station Park, Utah and Mr. Stearns said has seen pictures. Councilmember Kovach said the design resembles what Council expected in the UNP TIF and Station Park is building a Lifestyle Center and calling it a Lifestyle Center.

In reference to the deletion of a movie theatre in the UNP TIF, Mr. Stearns said the theatre industry has a unique model to their business in which theatres are controlled by movie producers. He said theatres are assigned specified zones and given protection in that other theatres cannot locate within a certain range of an existing theatre. He said the University Foundation attempted to buy out Hollywood Theatre in order to build a theatre in the UNP TIF, but Hollywood's asking price was too high and they were very uncooperative. He said no theatre company will build that close to another theatre because they would not be able to get the movies. Councilmember Kovach asked if that was the only reason the theatre was deleted from the UNP TIF and Mr. Stearns said yes. Councilmember Kovach said he wanted the reason for the deletion of the theatre from the UNP TIF to be clear to the public because there have been rumors that the deletion of the theatre plans was due to bad decisions made by the City, which is not true. Mr. Stearns said the only way to get a theatre built in the UNP TIF is if Hollywood Theatre closes.

Mayor Rosenthal said her final concern for the Village Center design is parking. She said the designs presented tonight do not reflect "pocket" parking or smaller areas of parking around the Village Center that were in the original master plan design and Mr. Gophold said the University Foundation will work on redesigning for smaller, pocketed parking areas around the Village Center. Mayor Rosenthal thanked Mr. Gophold and Mr. Stearns for their continued support of Council's vision for the UNP TIF.

Items submitted for the record

1. Letter dated October 13, 2011, from Charles A. Schindler, to the Editor of The Norman Transcript

The meeting was adjourned at 6:53 p.m.

ATTEST:

City Clerk

Mayor