

CITY COUNCIL
BUSINESS AND COMMUNITY AFFAIRS COMMITTEE MINUTES
October 6, 2011

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 6th 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 Lockett, Quinn, Spaulding, and Chairman Ezzell
ABSENT:	None
OTHERS PRESENT:	Mr. Jeff Bryant, City Attorney Mr. Ken Danner, Development Coordinator Mr. Anthony Francisco, Director of Finance Mr. Doug Koscinski, Current Planning Manager Mr. Steve Lewis, City Manager Mr. Shawn O'Leary, Director of Public Works Ms. Kathryn Walker, Assistant City Attorney Ms. Syndi Runyon, Administrative Technician IV Ms. Joy Hampton, <u>The Norman Transcript</u> Mr. Bill Hickman, Attorney Mr. Don Wood, Norman Economic Development Coalition Mr. John Woods, Norman Chamber of Commerce President

Item 1, being:

UTILIZATION OF A PUBLIC TRUST AUTHORITY TO FACILITATE ECONOMIC DEVELOPMENT AND OTHER ECONOMIC DEVELOPMENT TOOLS.

Mr. Jeff Bryant, City Attorney, said current City of Norman public trusts include the following:

- Norman Municipal Authority – Westwood Golf Course and Norman Transfer Station
- Norman Utilities Authority – Water and Sewer Projects
- Norman Regional Health System Authority - Hospital
- Norman Tax Increment Finance Authority – Infrastructure, Park, Economic Development Projects

Mr. Bryant said these trust exist as separate legal entities from the Municipality and are created for the benefit and act on behalf of a public function. He said Norman's public trusts operate under the authority of a Board of Trustees; creates a fiduciary relationship in which the trustees hold the title to property and act, as authorized, in relation to the property for the benefit of another; may issue debt, commit to long term financial obligations, sale real or personal property; and may exercise the power of eminent domain.

Mr. Bryant said a typical public trust requirements consist of annual financial reports filed with each beneficiary; annual audits conducted with results filed with the State Auditor; following competitive bidding for construction, labor, equipment, material or repairs; complying with the Open Records and Open Meeting Acts; and requiring a 2/3 majority approval of the governing body to issue debt or enter into financial obligations for real or personal property.

Mr. Bryant highlighted board compositions of various Economic Development Trusts in other cities that included Lawton; Ponca City; Edmond; Blackwell; Ardmore; Oklahoma City; and Comanche County. He said the Norman City Council would have to think about the type of board composition they would want for an Economic Development Trust.

Mr. Bryant said typical activities of a public trust for Economic Development include purchasing land for future commercial or industrial use, used as a vehicle for financing of public works, commercial or industrial projects, and used as a vehicle for economic development incentives.

Mr. Bryant talked about the Oklahoma Quality Jobs Program that gives qualifying, enrolled companies quarterly cash rebates of up to five percent (5%) of taxable wages for up to ten years. He said new legislation in 2005, allows companies in the program who expand again to receive up to six percent (6%) wages rebated based on meeting certain criteria. He said there are certain manufacturers and service companies listed in the State Statute and companies must create a new payroll of at least \$2.5 million to qualify. He said there is a lower payroll threshold available for businesses and industries listed under the Statute, but normally it is for high impact programs with annualized payroll thresholds of \$1 million paid out for up to six years. He said there is also a small employer program and for companies to qualify, they must meet minimum wage and health coverage requirements under the statute.

Mr. Bryant said there is a 21st Century Quality Jobs Program where qualifying companies may be eligible for up to twice the net benefit rate of the Quality Jobs Program or ten percent (10%) of the taxable payroll of these new jobs to be paid in cash on a quarterly basis for up to ten years. He said there are qualifying, basic industries the criteria would apply to that must meet a minimum of ten new direct jobs with a three year "ramp up" period as well as meeting minimum wage and health coverage requirements.

Mr. Bryant talked about monetizing the Quality Jobs Incentive Revenue Stream Program and gave the following example:

$$200 \text{ employees} \times \$44,000 \text{ annual salary} \times 5.0\% = \$440,000 - \text{Ten Year Period Totals} = \$4,400,000$$

Mr. Bryant said these programs usually work on a pay as you go basis so the jobs have to be created and payments are made in cash or through rebates after the payroll taxes are actually paid. He said some of the companies have cash needs up front and cannot create jobs then wait ten years to get the money back so there has been some creative thinking on how to help obtain those employers in a way that gives them some of that payment up front. He said there are two potential revenue sources for that, and if applied to Norman, it would include accumulated University North Park Tax Increment Finance (UNPTIF) economic development revenues or a private lender. He said if a private lender is used, the lender will want to ensure the loan is secure with a good possibility of being repaid. He said the repayment source would be the Quality Jobs Incentive Revenue Stream. He said the lender will also want security for the loan and some options include a pledge of UNPTIF economic development revenue, cash investment by Quality Jobs employers, or a pledge of land or equipment. Mr. Bryant said if money is paid up front on the expectation that a certain number of jobs will be created over a period of time on a certain number of payrolls and it generates payroll rebates from the State, the Trust will want to be sure the company does what they say they will do. He said there are claw back provisions that require repayment of monies invested if the jobs are not created or do not materialize.

Mr. Bryant highlighted the UNPTIF Project Plan Economic Development Revenue Stream, which provides up to \$8.25 million from apportioned TIF revenues. He said potential sources for repayment of loans consist of 50% Ad Valorem taxes generated in the TIF and 60% sales tax generated in the TIF. He said the City has a \$14.56 million available draw note from the University of Oklahoma (OU) Foundation that allows the City to move forward on other project pieces. He said when the City negotiated financing documents on that loan they were successful in keeping about ten percent (10%) of the sales tax revenues from being pledged to the

first loan so the only amount pledged on the first loan is the 50% of the TIF revenues and 50% of the Ad Valorem revenues generated from non-economic development land. He said that unpledged ten percent (10%) can be used for economic development projects, which consists of Ad Valorem taxes generated from Norman Economic Development Coalition (NEDC) land and ten percent (10%) of sales tax generated from the project plan.

Mr. Bryant said another potential source of revenue is the Economic Sales Tax Increment, which is based on an estimate of the number of jobs that might be created by the employer and a certain percentage of the payrolls being spent for retail items.

Mr. Bryant said City Council approved the authorization of Economic Development Revenue Notes in September 2010, and closed on those notes with NEDC in June 2011. He no money has been drawn on those notes and will not be drawn on those notes until there is an Economic Development Agreement with an employer the City Council and the Authority will be able to review and approve.

Mr. Bryant said another revenue source is the State Quality Jobs Program Rebates.

Chairman Ezzell suggested a board composition of five members consisting of two members of City Council appointed by a majority of the Council with three outside trustees that includes a sampling of positions within the community rather than individuals. He suggested appointing the Executive Director of NEDC, Executive Director of the Norman Chamber of Commerce, and one other person that meets financial or banking background criteria. He said he would like the three outside trustees to have some degree of expertise and ability in the financing arena. He said another issue is governance of the board itself and he felt that the Chairman of the Board needs to be elected by the Board of Trustees of that trust rather than City Council.

Chairman Ezzell requested a draft Trust Indenture be submitted for review at the next Committee meeting. Mr. Bryant asked if the outside members should be appointed by the NEDC or Chamber of Commerce or actually be the Directors of those organizations and Chairman Ezzell said the Directors are the logical choice as they will be the integral piece in all the deals; however, alternatively, a Board Member from that organization could be appointed. Mr. John Woods, Chamber of Commerce President, suggested the organizations select a representative to serve and Councilmembers agreed.

Chairman Hall Ezzell asked if someone could obtain a summary of the State Quality Jobs definitions and Mr. Don Wood, Director of NEDC, said the NEDC Board has a chart that begins at \$35,000 per year with a percentage range from 2% to 5% assigned to each amount with what would be rebated back to the company based on those percentages. Mr. Wood said the chart was originated when NEDC was working on the UNPTIF Corporate Center and looking at office site locations. He said the full retail price of one of the office sites was \$3 million and as an incentive to the company to locate there, the site cost would be \$1.8 million leaving a \$2 million difference. He said because of criticism received from other parts of the community, the OU Foundation wanted the lots sold for full retail price with the difference rebated so NEDC set up the rebate formula. He said the Quality Jobs Program starts out at \$26,000 in Cleveland County and the advantage of the UNPTIF is it is an Enterprise Zone with an automatic 5% rebate for any job at any level above \$26,000. Mr. Wood said the formula could be used for rebates on monetization of quality jobs as well. Chairman Ezzell asked Mr. Wood to provide the Chart to Mr. Bryant.

Items submitted for record

1. PowerPoint presentation entitled, "Public Trusts and Quality Jobs Economic Development Tools," Business and Community Affairs Committee, October 6, 2011
2. Memorandum dated September 8, 2011, from Steve Lewis, City Manager, to Business and Community Affairs Committee

Item 2, being:

REVIEW OF THE SIGN CODE ORDINANCE.

Mr. Doug Koscinski, Current Planning Manager, said the Sign Code Division was a very loose organization in the 1950's and 1960's, having more of a building permit safety function. He said in the 1970's, the Environmental Control Advisory Board (ECAB) formed an Urban Aesthetics Committee that began work on a comprehensive ordinance that addressed more than simple structural requirements. He said the business community resisted the ordinance and it took a great deal of compromise before the ordinance was adopted in 1979. He said approximately fifteen years ago City Council appointed another committee to update the ordinance, which took almost two years. He said a notable revision was allowing the tall, highway oriented billboard signs not allowed in the original Code.

Mr. Koscinski said one of the focuses of the ordinance dealt with movement in signs and that is one of the areas currently being reviewed. He said Light Emitting Diode's (LED's) have been gaining popularity in the modern business community as well as the large white billboards that change screens intermittently.

Mr. Koscinski said the Sign Code Ordinance parallels the Zoning Ordinance in style and format and sign regulations are grouped by zoning category such as commercial, industrial, etc., with different size restrictions, types of signs allowed, and setbacks within each category. In 2000, City Council assigned the Planning Commission as primary review agency for sign code amendments.

Mr. Koscinski said Section 18-402 of the Sign Code is a list of signs, sign types, or conditions which render a sign non-conforming or prohibited from being used in Norman. He said many of these signs were restricted based on aesthetic considerations, potential for distractions to the motoring public, or negative impacts that obtrusive signs can have on neighboring properties. He said examples include signs with movement, signs that include "optical illusion" of movement, and signs that incorporate projected images. He said other types of signs prohibited include portable trailer signs, signs erected in rights-of-way, signs attached to utility poles or trees, and temporary signs not sufficiently anchored to the ground or attached to a building.

Chairman Ezzell asked if the LED signs are currently permitted and Mr. Koscinski said they are not. He said there is a variety of sections in the ordinance that prohibit movement of signs and movement within signs.

Councilmember Lockett asked when ordinance was last changed and Mr. Koscinski said there have been small amendments over time. He said Norman adopted new regulations on billboards that reflected some State requirements approximately five years ago.

Chairman Ezzell said the City is trying to take on a number of initiatives to try to improve or facilitate the business climate in the City, one of which is modernizing the Sign Code. He said he does not want to rewrite the Sign Code, but felt there are two categories of signs that are unaddressed or not allowed, which are LED signs and "flipping" billboards that change advertisements every few minutes. He said these signs are allowed in Oklahoma City (OKC) so OKC must have gone through a study process to find an allowable standard of movement such as three times a minute or more. He said he would like Staff to find a balance to allow the existence of those two categories and draft standards to govern the usage in the community. Mr. Koscinski said there are model ordinances that attempt to address these types of signs, but they still have issues on

brightness levels and how many times per minute a sign can "flip" advertisements. Councilmember Lockett said there are safety issues as well. Mr. Koscinski asked the Committee if new regulations should affect commercial signs only or be expanded to billboards and Chairman Ezzell said to include billboard. Chairman Ezzell asked Staff to submit some proposed model ordinances for the Committee's review by the next meeting. He said he would like to get the proposed amendments out to industry businesses for their feedback at future meetings.

Councilmember Spaulding asked if the current ordinance regulates dilapidated signs or signs where businesses are no longer in business, but the sign has not been removed and Mr. Koscinski said yes, but it is hard to enforce because by the time the City notices a dilapidated sign or sign from a business that has gone out of business, there is no one to charge with a violation or compel to remove the sign. He said the City's practice has been to wait until another business moves in and try to rectify the sign to Code at that time. Mr. Steve Lewis, City Manager, said many businesses that go out of business remove their signs.

Mr. Woods said he would be happy to work with Staff on the Sign Ordinance as he has been involved with the City of Tulsa and City of OKC, both of which allow LED technology for on-premise and off-premise (billboard) signs. He said there are key differences in the two technologies in that State law does not allow billboards to have full motion video such as Sonic Restaurant on-premise LED signs depicting slushies flying around. He said there are ordinances that address dwell time as well, which is how long the advertisement has to be static before changing to the next advertisement. He said there is also special equipment that measures brightness of signs, but most signs have auto gimmick features that allow certain levels of brightness based on the time of day. He suggested the City also consider a provision of flexibility to allow a billboard sign, affected by tainting for a public project, to accommodate a relocation for a smaller fee without paying the full tainting amount.

Chairman Ezzell said instead of Staff bringing forward a model ordinance for the Committee to review, and then begin meetings with industry businesses for input, he would like for the Chamber of Commerce and City Staff to work together on the first proposal to get industry ideas incorporated and discussed before submitting to the Committee for review. He said if the November Committee meeting is too soon to present the proposed amendments, he would be glad to schedule it for discussion in December. Councilmember Lockett suggested including NEDC in the initial discussions and Chairman Ezzell agreed. Mr. Woods said his resources would not want restrictions to the current regulations. Mr. Bill Hickman, Attorney, said if digital signs are allowed in Norman, businesses would begin updating signs immediately. Chairman Ezzell asked Staff to move forward but said he did not want Main Street to look like a "Vegas Strip" so the City needs to strike a balance.

Items submitted for record

1. Memorandum dated September 7, 2011, from Doug Koscinski, AICP, Manager, Current Planning Division, to Business and Community Affairs Committee
2. Chapter 18, Section 18-402, of the Code of the City of Norman, Oklahoma (as amended through February, 2005)

Item 3, being:

MISCELLANEOUS DISCUSSION. None

The meeting adjourned at 9:55 a.m.