

## CITY COUNCIL STUDY SESSION MINUTES

May 11, 2010

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in study session at 5:30 p.m. in the Municipal Building Conference Room on the 11th day of May, 2010, 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 Atkins, Butler, Cubberley, Dillingham, Ezzell, Griffith, Mayor Rosenthal

ABSENT: Councilmembers Kovach and Quinn

DISCUSSION REGARDING CHANGE ORDER NO. TWO TO CONTRACT NO. K-0910-40 WITH J.L. WALKER CONSTRUCTION, INC., INCREASING THE CONTRACT AMOUNT BY \$2,160 FOR THE MUNICIPAL COURT INTERIM FACILITY PROJECT, PHASE II, AND FINAL ACCEPTANCE OF THE PROJECT.

City Council, in its meeting of March 10, 2009, approved Contract No. K-0809-52 with The McKinney Partnership Architects, P.C., in the amount of \$27,350 for design services, preparation and review of bid documents, and construction supervision for the Municipal Court Interim Facility Project, Phase II. On July 14, 2009, City Council approved Contract No. K-0910-40 with J. L. Walker Construction, Inc., in the amount of \$415,900 and Change Order Number One decreasing the amount by \$83,067 for a total contract amount of \$332,833 for construction of a 2,400 square foot prefabricated portable building located adjacent to the existing facility. Ms. Ronda Guerrero, Municipal Court Clerk, said Change Order Number Two increases the contract amount by \$2,160, finalizes all quantities from as-bid to as-built, and provides for the following: a safety handrail on the roof, steel bollards for the front of modular building, concrete to fill a void area at the south side of building, and walk pads on the roof.

Change Order Number Two is included on Council's agenda later this evening for consideration.

Items submitted for the record

1. Memorandum dated April 27, 2010, from Ronda Guerrero, Municipal Court Administrator, to Honorable Mayor and City Council
2. Change Order No. Two to Contract No. K-0910-40

DISCUSSION REGARDING PROPOSED AMENDMENTS TO THE TRANSIENT GUEST ROOM ORDINANCE AND THE CONTRACT WITH THE NORMAN CONVENTION AND VISITORS BUREAU.

Ms. Kathryn Walker, Assistant City Attorney, said the City Council Oversight Committee, spent the past year reviewing the Norman Convention and Visitors Bureau (NCVB) reporting methods and board composition. She highlighted the current contract reporting requirements and said the proposed amendments would require that the NCVB's semi-annual reports provide a reasonably good understanding of the activities NCVB has undertaken to encourage, promote, and foster convention and tourism development in the City. She provided an overview of the proposed requirements for the report as follows:

- Convention and Sports Activities and Performance Measures;
- Marketing and Communications Activities and Performance Measures;
- Group Tour Activities and Performance Measures; and
- The total return on investment, with such figures as may be related to visitor spending, convention sales, and marketing/communications.

She said the Oversight Committee also discussed whether the composition of the Board as established in the Code of Ordinances and in the contract needed to be updated. Currently, the Board has seven of its nine members composed of representatives from the Norman Chamber of Commerce; the Norman Arts Council; the

Norman Hotel and Motel Association; the Norman Restaurant Association; and the University of Oklahoma Athletic Department with each representative being appointed by their respective organizations. The two remaining members are representatives from the University of Oklahoma and an organized athletic organization appointed by the Mayor and confirmed by Council. She said the proposed changes would increase the members from nine to 13 plus four members to serve in an ex-officio capacity.

Seven directors would be chosen by the NCVB Board from organizations and businesses in Norman affected by convention and tourism in Norman, such as the groups currently represented on the Board. The City would continue to appoint two members, but instead of being required to appoint representatives from the University of Oklahoma and organized athletics, the City could appoint a representative from any organization or business affected by convention and tourism activities in Norman. The remaining four voting directors would be elected by the NCVB Board to serve in an at-large capacity. The four non-voting (ex-officio) members are proposed to be the Mayor or City Councilmember, the City Manager or his appointee, the Executive Director of the Chamber of Commerce, and the Executive Director of the Norman Economic Development Coalition.

Councilmembers supported the proposed changes and Staff will prepare the necessary ordinance to be forwarded for Council's formal consideration.

Items submitted for the record

1. Memorandum dated May 4, 2010, from Kathryn L. Walker, Assistant City Attorney, through Jeff H. Bryant, City Attorney, to Honorable Mayor and City Council
2. Contract No. K-9293-136 as amended
3. Proposed ordinance amending the Transient Guest Room requirements providing for the administration of convention and tourism development funds

PRESENTATION FROM DON WOOD, EXECUTIVE DIRECTOR OF THE NORMAN ECONOMIC DEVELOPMENT COALITION, REGARDING LAND ASSEMBLY STRATEGIES FOR INDUSTRIAL USES.

Mr. Don Wood, Executive Director of the Norman Economic Development Coalition (NEDC), provided the background and current status on Norman Business Park, Saxon Business Park and other sites in Norman. He said in 1998, only small sites are available at Norman Business Park to locate prospective new businesses and there is a need for five acre plus sites in Norman. He said NEDC met with developers, business owners, and industrial land owners, and at that time neither the City, developers, or business and land owners showed an interest in purchasing land for future development. He said NEDC received permission to move forward and acquired the 3M site on Highway 9 East which was 116 acres. NEDC financed the land with a consortium of eight banks and also used industrial access grant funds from Oklahoma Department of Transportation (ODOT). He said NEDC offered incentive pricing on the site and their intent was not to make a profit but instead sell the land at cost, which was a discounted rate of fifty percent less than the appraised value of the property. He said this was very profitable and 3M was able to use the equity in the land and construct a new building. Mr. Wood said currently Norman Business Park is home to six companies, two in the top ten major employers in Norman and responsible for over 1,000 jobs, with two sites remaining, an 18.5 acre fully developed site owned by NEDC and 10 acre site bought by a company who never built and now has for sale.

Mr. Wood said NEDC bought Saxon Business Park which is a 44 acre project-ready site with water and sewer service already in place. He said all properties are owned and financed by NEDC and are on the tax rolls. NEDC has tried to keep the community-wide focus for industrial land sites and keep an inventory of available sites. He said a few of the sales in other areas of Norman include: Sysco a 40 acre site, C & C Trailers a 15 acre site, and Drake Design/The Faith Collection.

Mr. Wood felt there are two existing needs for Norman office/research space, apart from the University of Oklahoma, and manufacturing/distribution space. NEDC has focused the large office/research space in the University North Park (UNP) Corporate Centre and discussions are on-going to get the project up and running. He felt the UNP Corporate Centre project is critical to the future creation of quality jobs in Norman. Mr. Wood

said NEDC has a project in the final stages for an accounting support services company for a national retailer which could create 392 jobs having an average salary of \$55,000 to \$65,000. NEDC is proposing to construct a 78,000 square foot building for the business at the UNP Corporate Centre site and Mr. Wood felt there are not a lot of other sites in Norman that could be as accommodating. He said Norman does not have any large office buildings bigger than 50,000 square feet and NEDC's target is 60,000 square feet plus buildings that would employ 300 to 400 people. Mr. Wood said this project will be a class A office park with water features and should be a great working environment for large companies.

Mr. Wood said the manufacturing/distribution sites are larger sites and are for projects requiring 30 to 40 acres. He said the last eighteen months NEDC has had fifteen inquiries for 5 to 10 acres sites; eight inquiries have been for 11 to 20 acre sites; and six inquiries have been for 30 plus acre site, with the largest site being 152 acres.

Industrial sites in south Norman are the two NECD owned properties previously discussed and additional potential sites were identified along Highway 9 in the Oklahoma Technology Corridor. He said the sites are privately owned and could be available for the right type of project; however, price may be a concern since they could be expensive.

Mr. Wood said he researched other communities to determine how they are responding to industrial land use challenges and said in Oklahoma City the large markets, such as distribution and manufacturing sites, are all privately owned with public assistance making the sites more competitive. Mr. Wood said Tulsa has a lot of private sites with public assistance available, but there is also the Cherokee public park which competes against the private sector and the Port of Catoosa also helps the City. He said the large markets are very competitive and market driven.

Small markets, such as Ardmore, Bartlesville, and Ponca City are incentive driven by their respective City. Mr. Wood said most of the site development is done by the City through sales tax revenues or to a Public Trust. Those communities have lower land costs and land is readily available; most of the cities provide and are able to use Community Development Grant Block (CDBG) money to provide infrastructure; Economic Development Administration (EDA) money can also be obtained to assist with park development; and industrial access money can be acquired for roads.

Challenges are being prepared by having industrial sites readily available and said the deal can be lost when a prospective company comes into Norman and only a raw piece of land is available, i.e., not zoned, no sewer and water on site, and in most cases not fully developed. He said time is the enemy of these projects and when a company decides to make a move, they want to do so very rapidly. He said another challenge is being competitive with pricing and this is an issue in Norman because there is a high demand for land and prices are above average. He said another concern is Norman does not have an incentive program to assist private developers with land costs.

Mr. Wood said the question is whether this is a public or private issue and what are the potential conflicts. He said if projects are initiated by the private sector, the challenge is competitive pricing and having a limited market. If projects are initiated by the public, the issues that need to be considered are how much land is needed; what determines a good location; what costs may be expected; how does the City purchase land; and how does the private sector react.

Mr. Wood said it would be ideal if Norman had one large site available, consisting of 160 acres, that could be developed. He said multiple smaller sites of 30, 40, and 50 acres, although more costly, could also be a possibility. Location criteria include topography, transportation, water and sewer access; zoning; compatible uses; access to labor; and being in the Norman Public Schools. Mr. Wood said expected cost for land acquisition could be \$3 million to \$5 million for a quarter section, development costs would be another \$1 million, and holding and marketing costs would also factor into the equation. He said this would not be a cheap endeavor for the City, but reminded Council this is what a private developer would need to accomplish and their expectations of return are pretty tough.

Mr. Wood highlighted proposed financing methods and said NEDC developed the first two sites invested the money they raised in the sites, including the equities they have in the property and holding site in nano technology and Southwest Nano Technology (SWeNT). He said the hope is SWeNT will be a huge success making the stock worth a lot of money, putting NEDC in the position to acquire and develop more land in the future. Mr. Wood said another financing option is a public trust and using public funds by using a dedicated sales tax for economic development, ad valorem tax, tax increment financing (TIF), and sales proceeds escrowed for future purchases.

Councilmember Griffith said Ardmore made a successful investment in land for economic development and asked about their financing protocol and Mr. Wood said Ardmore did so by dedicated sales tax. He said Ardmore also has a capital campaign fund drive and every five years or so the City will raise \$5 million, with a lot of the assistance from private donors. He said Ardmore has about five to seven industrial parks, mostly accomplished through a city public trust authority.

Councilmember Dillingham asked if there are certain areas of the City that are more attractive to high market businesses and Mr. Wood said the main driving factor in most site selections is labor availability and if employees are recruited too far north, such as Moore or South Oklahoma City, the minute they find a job closer to home they will take it. He said recruiting is affected when the labor market is limited to the south end of Norman and it would be easier for potential employers to recruit labor pools on the north side of Norman.

Mayor Rosenthal asked Mr. Wood to provide information on the amount of sales tax collected from other cities who have a dedicated sales taxes and how it affects their budgets in terms of operation staff, incentives, site preparation, etc., and Mr. Wood said NEDC staff will research and get the detailed information to Council.

Councilmember Cubberley asked if Bartlesville and Ardmore look solely at industrial employers or retail development as well and Mr. Wood said he believes Ardmore does not, but some cities are doing retail development. He said retail sales tax dollars can be extremely important to cities and NEDC staff will research other cities to determine if they participate in retail development. Mayor Rosenthal asked Mr. Wood to give some background information in respect to location sites. Mr. Wood said the City paid Buxton Company, a company who specializing in recruiting retail, to provide a retail sales study, they did a fifteen minute commute, and identified potential companies for Norman to go after. He said a lot has changed in the last three years and felt retail recruiting needs to be looked at because he realizes sales tax dollars are critical to Norman's health.

Councilmember Dillingham said there is a need for creating a balance of companies in Norman, who employee Norman citizens who will spend their money in Norman. Mr. Wood felt the best times for NEDC are around the corner and said the University North Park and economic developments of the TIF will be valuable tools to use. Mayor Rosenthal said having the University of Oklahoma (OU) and Moore Norman Technology Center (MNTC) as partners is good to provide employees with the needed skills and Mr. Wood agreed.

Mayor Rosenthal requested Mr. Wood also provide updated and detailed information on other city's financial options and Industrial Authorities for Council review.

Items submitted for the record

1. PowerPoint presentation entitled, "Business Park Needs, Input for the City of Norman Industrial Land Use Study" prepared by Don Wood, Executive Director, Norman Economic Development Coalition

The meeting adjourned at 6:10 p.m.

ATTEST: