

CITY COUNCIL CONFERENCE MINUTES

April 28, 2020

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a virtual conference at 5:00 p.m. hosted in the Municipal Building Council Chambers on the 28th day of April, 2020, and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray 48 hours prior to the beginning of the meeting.

PRESENT: Councilmembers Bierman, Carter, Hall, Holman, Petrone, Scanlon, Scott, Wilson, and Mayor Clark

ABSENT: None

Item 1, being:

CONTINUED DISCUSSION REGARDING A POSSIBLE GENERAL OBLIGATION BOND ELECTION FOR NORMAN FORWARD PROJECTS, MUNICIPAL FACILITY PROJECTS AND AN ECONOMIC STIMULUS PACKAGE FOR SMALL BUSINESSES.

Mr. Jason Cotton, Director of Program Management Services for ADG, Inc., (ADG) said tonight's discussion is a continuation of discussions regarding NORMAN FORWARD (NF) and other municipal projects that currently need additional funding to meet the vision of the projects, i.e., Municipal Complex Renovation, Emergency Operations Center, (EOC), City Maintenance Complex, homeless facility, etc.

Mr. Cotton said the focus of ADG has shifted from informing Council on the projects to executing the direction provided by Council. He said instead of focusing on project specifics, he will be clarifying the current direction on a handful of items and giving Council an opportunity to ask questions or make comments.

Mr. Cotton highlighted previous topics that included the timing of a potential bond election; amendments to the architecture/engineering contracts for initial phase of expanded design work (by project basis); removal of Fire/Fleet Maintenance from bond election package; inclusion of a homeless project; and addition of a business recovery package.

Mr. Cotton said Council talked at length about a June Bond Election, but switched to an August election date. He said an August election would require the First Reading Ordinance on May 26, 2020; Second and Final Reading on June 9, 2020; notice to Cleveland County Election Board on June 10, 2020; and the Bond Election on August 25, 2020.

Amendments to the architecture/engineering contracts would allow the consultants to move forward with their work while discussions continued on the ballot language. He highlighted anticipated contract amendment deadlines to include the Indoor Aquatic and Multi-Sport Facility – May 2020; Senior Wellness Center – May 2020; Softball/Football Complex – May 2020; Ruby Grant Park – September 2020; Griffin Park – May 2020; Reaves Park – May 2020; Homeless Facility-- July 2020; Parks

Maintenance Facility- April 2020; Fleet/Fire Maintenance Facility – April 2020; Municipal Complex Improvements – September 2020; and EOC – May 2020.

Mr. Cotton said removal of the Fire/Transit Maintenance Facility from the bond election was discussed, as it would require approximately \$8 million in additional funding; however, the City unexpectedly received a transit funding grant in the amount of \$5.1 million so with some scope adjustments the funding debt on the project was reduced to \$2.1 million. He said because the gap was reduced so significantly, Council discussed pulling the project out of the bond package and potentially funding the facility through the Capital Fund to allow the project to be completed regardless of how the election turned out. He said in discussions with Staff, the City decided to leave the project in the bond election in case the election was successful then the \$2.1 million could potentially be refunded to the Capital Fund. He said the facility will be located on North Base along with the proposed Parks Maintenance Facility, Car Wash Facility, and Fire Storage Facility. The total budget for the Fire/Transit Maintenance Facility is \$11 million and the total budget for the Parks Maintenance Facility is \$4.8 million so \$15.8 million will be included in the bond election package for these projects.

Mr. Cotton said with the addition of the Homeless Resource Facility at \$5 million, the total bond package will be \$89.1 million for NF Projects and \$24.2 million for Municipal Services Projects. He said this figure is slightly higher than the previous funding deficit of \$112.7 due to the complexities of the North Base property infrastructure costs.

Mr. Cotton said Council also discussed inclusion of a Business Recovery Package to help small businesses who may not have qualified for Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, such as the Payroll Protection Program (PPP). He said more information is needed on the details of this item.

Councilmember Wilson asked how the items would be separated on the ballot and Ms. Kathryn Walker, City Attorney, said NF Projects would be one question as they are considered public utilities under the Oklahoma Constitution and the Homeless Resource Facility would fit into that grouping as well. The second question would be the Municipal Services Projects and the third question would be the economic development piece, which is a separate question because it falls under a different section of the Constitution.

Councilmember Holman said the architecture/engineering contract amendment date for the Homeless Facility is July 2020, but the pencils down date is February 2021, so does that mean the City is expected to have a plan in place by February 2021? Mr. Cotton said yes, it is reasonable to have a process in place by February, March, or April 2021.

Councilmember Holman asked if the construction of Fire Station No. 10 and the relocation/construction of Fire Station No. 5 are currently funded. Mr. Anthony Francisco, Director of Finance, said Fire Station No. 5 is one of the critical capital needs identified in Public Safety Sales Tax (PSST) II. He said the current plan is that once the City has paid off the bonds for the EOC and Radio System, the City should be in a position to move forward with that project. He said Fire Station 10 does not have funding and the City would need to identify funding. Councilmember Holman said the City could have discussed adding these projects to the bond package if other projects had been removed.

Councilmember Holman asked if the City has identified funding for a bus hub outside of OU Campus and Mr. Francisco said no, but that is something Council has discussed as a high priority. If the City is successful in the bond election, then the money that would be reimbursed to the Capital Fund at Council's discretion could be used for that project.

Councilmember Wilson asked how a bond issuance would work in the country's current economic climate and Mr. Francisco said the behavior of the bond market certainly responds to the behavior of the overall national, world, and local economy. He said General Obligation (GO) Bonds fare better when backed by a more secure property tax base rather than revenue bonds backed by a sales tax based economy. Councilmember Wilson asked what happens if the City experiences mass foreclosures, would that affect the sale of GO Bonds and Mr. Francisco said it could because the market considers the health of the property tax base.

Councilmember Petrone asked if the election fails, can the City use the current project designs to move forward with NF Projects with current funding and Mr. Cotton said each project is different so while one project could use the current design, another could not. He believes there are projects where the architect/engineer may potentially have to spend time redesigning buildings to work within current budgets. Councilmember Petrone said it would be extremely irresponsible of Council not to wait a few months to find out what voters want because ultimately the City will move forward on NF Projects with the money currently budgeted if the election fails. She asked Mr. Cotton if he could identify projects he is confident will be able to move forward no matter what happens with the election and Mr. Cotton said he should be able to prepare information for Council. He said the Softball/Football Complex is one example of a project that could not be constructed with current funding.

Councilmember Petrone asked where the money would come from for a study on a Homeless Facility proposed to happen prior to the bond election and Mr. Francisco said Council discussed using money from the Capital Fund. Councilmember Petrone asked how much a study would cost and Mr. Francisco said the cost is estimated at \$250,000.

Councilmember Bierman said it was her understanding that if voters did not approve the bonds in August then all the design plans would be shelved until such time funding became available. She said before this proposal is put before voters, the City needs to be clear on what will happen if the bond election fails. Mr. Francisco said the City would build the facilities budgeted for in the original NF package.

Mayor Clark said she would like voters to have an opportunity to decide what they want and the City needs to be ready to move forward by having the plans completed. She asked Mr. Jud Foster, Director of Parks and Recreation, how far behind schedule the Aquatic and Multi-Sport Facility is. Mr. Foster said approximately one year behind the original timeline. Mayor Clark said the public is ready to move forward and it would behoove Council to be shovel ready by the election date.

Councilmember Scanlon agreed with Councilmembers Petrone and Bierman that Council needs to be clear on what would happen should the election fail. He said the NF Ad-Hoc Committees have worked really hard on recommendations that he would like to see come to fruition. He said the original plans for the Aquatic and Multi-Sports Facility do not meet the public's vision or needs so he would hope that those plans would be shelved until funding is available for what has been envisioned and needed for a

successful project. He said the original plans for the EOC do not meet the needs of the City either and should not be built until funding is available to build a facility that meets current and future needs.

Councilmember Holman asked if the City will be able to fund the original NF Project within their budgets and Mr. Francisco said yes. Councilmember Holman said he would like to see a list of project scenarios if the bond election fails or passes. He said there are large scale projects that should wait until they have the funding for what was recommended by the NF Ad-Hoc Committees and what the public envisions. He said some of the plans are worth having on-hand especially the plans that depict the way the projects are envisioned to be built, such as the EOC, Aquatic and Multi-Sport Facility, etc., while other projects can be accomplished within their original scope and budgets and still be functional.

Survey Results for the Business Recovery Economic Package

Ms. Sara Kaplan, Retail Coordinator, said a Business Needs Assessment Survey was recently performed and highlighted preliminary results. She said this is the first survey in a possible series as the City moves from “Stay at Home” to “Reboot Norman.” She said when asked how many full-time employees the business has, there were 374 responses that included sole owner/operators – 23.5%; two to five employees – 31%; six to ten employees – 16.6%; 11 to 20 employees – 12%; 20 to 50 employees – 9.0%; and the remaining have 50 or more employees. She said out of 375 responses, 90.7% had one business location in Norman.

When asked what best describes the business industry, there were 374 responses with a wide variety of businesses that included retail trade – 13.6%; professional, scientific, and technical services – 13.4%; real estate/rental/leasing – 8.6%; accommodations and food service – 7.8%; health care and social assistance – 7.5%; arts, entertainment, and recreation – 7%; finance and insurance – 6.4%; educational services – 4.8%; and construction – 4.3%. When asked how long the business has been in operation, 63.7% replied more than ten years, 13.6% replied six to ten years, 01.7% replied three to five years, 9.9% replied one to two years, and the remaining have been in business less than one year.

When asked how the business would characterize itself, there were 306 responses that included business owned by women – 49%; franchise – 9.5%; minority owned – 11.3%; cooperative owned – 10.8%; veteran owned – 6.2%; out-of-state ownership – 4.2%; publicly traded company – 0.7%; and the remaining replied other than consists of several variations of locally owned, family owned, privately owned, non-profit, etc.

When asked if the business is owned or leased, there were 376 responses with 59% being leased, 33.8% being owned, and the remaining were divided between being mobile, home based, or having no physical space.

When asked if the business has an online sales component there were 375 responses with 71.2% replied they do not have online sales and 28.8% replied they do have online sales. If the business has an online sales component they were asked what portion of overall revenue came from online sales and out of 375 responses, 65.9% replied not applicable, 24.6% replied zero to 25%, and the remaining 26% to 100%.

Survey Results for the Business Recovery Economic Package, continued:

When asked if their business was considered essential nor non-essential under the City's Emergency Proclamation there were 375 responses with 58.9% replying essential, 34.4% replying non-essential, and the remaining were unsure.

When asked how COVID-19 affected their business, there were 375 responses that included loss of revenue – 85.3%; cancellation of events or meetings – 59.5%; business closure (voluntary or mandated) – 47.2%; added expenses to mitigate public safety risks (cleaning supplies, gloves, masks, etc.) – 46.7%; employees working remotely – 36%; change of business hours – 35.5%; employee absences due to voluntary self-quarantines, school closures, fear of exposure, etc. – 34.9%; established an alternative mode of business operations to sell or deliver products implemented because of COVID-19 – 32.5%; employee layoffs or workforce displacement – 32%; supply chain disruptions – 30.7%; enhanced secondary mode of business operations to sell and deliver products (online or telephone) – 23.7%; and change in insurance rates – 2.9%.

When asked how the business revenue had changed since COVID-19 became a widespread concern in early March 2020, there were 374 responses with 35% having a decrease in revenue of 75%; 13.9% having a decrease in revenue of 51% to 75%; 22.7% having a decrease in revenue of 26% to 50%; 15.5% having a decrease in revenue of zero to 25%; 10.4% did not have a significant change in revenue; and the remaining businesses had varied small percentages of increases in revenue.

When asked how much longer a business could operate if the disruption continued there were 372 responses that included one to three months - 26.3%; three to six months – 19.9%; more than six months – 21.8%; not a concern – 20.2%; and the remaining businesses replied less than one month, already permanently closed, or unsure.

When asked what businesses were most concerned about there were 376 responses that included losing work (clients, projects, sales) – 66%; paying rent, mortgage, utilities, etc. – 47.1%; employees financial welfare – 45.5%; customer traffic – 41.8%; making payroll this pay period and beyond – 31.4%; losing employees – 23.7%; getting inventory and supplies – 17.3%; assessing government support related to COVID-19 – 13.6%; and workers' compensation claims and/or potential lawsuits against business – 4.8%.

When asked what type of assistance would be most helpful to the business there were 331 responses that included access to capital in the form of loans and/or grants – 52.3%; information on financial assistance over the next 90 days – 41.4%; how to protect employees and/or customers from COVID-19 – 32%; assistance on preparing to reopen business – 21.5%; technical training on website development and e-commerce – 10.1%; technical training on social media – 9.7%; immediate guidance on how to modify business model – 9.7%; information on costs and risks for providing new services (delivery) – 6%; professional assistance with human resources – 5.1%; and assistance preparing plan and financial documents – 4.2%.

When asked if the business had applied for funding from any of the federal economic packages including the Payroll Protection Program (PPP) or Economic Injury Disaster Loan (EIDL), or from other sources there were 371 responses that included applied for PPP – 65%; applied for EIDL – 30.2%; did not apply

Survey Results for the Business Recovery Economic Package, continued:

for funding – 22.6%; applied for traditional Small Business Administration (SBA) loan – 7.8%; applied for line of credit or loan from a bank – 4.9%; and applied for Oklahoma Manufacturing Reboot Program – 0.3%.

When asked the current status of funding applied for there were 296 responses that included have not received a response – 28.4%, received funding – 47.6%, and denied funding – 3.4%.

When asked the reason for not applying for funding there were 103 responses that included not eligible – 36.9%, not aware of options – 16.5%, and had trouble with paperwork – 6.8%.

Ms. Kaplan said a lot the things businesses need assistance with, such as help with filling out federal funding paperwork, technical training, etc., could be done now.

Questions/Comments

Mayor Clark asked what kinds of loans or grants cities could offer, what is Oklahoma City (OKC) doing, what is working or not working for them. Ms. Kaplan said OKC has a \$5.5 million package because they had some available money they were able to appropriate to this cause and they were able to allocate funding to four different parts of the Business Recovery Program that consisted of a \$10,000 grant for small businesses with less than ten employees, a low interest rate loan for up to \$50,000 for businesses with under 50 employees (with a forgiveness option if certain criteria is met), a loan program for up to \$100,000 at 2% interest for businesses with up to 50 employees, and \$500,000 was allocated for a Technical Assistance Program.

Ms. Kaplan said Norman is hoping to obtain funding by the end of April to begin a Business Recovery Program and in the meantime, Staff can make plans for how the funding will be distributed to fill the gaps the federal programs missed. Mayor Clark said it would be nice to include some money for reimbursement of masks, gloves, cleaning supplies, etc. She said it would be nice if businesses provided employees with reusable masks versus disposable to preserve resources especially if there were a second wave and resources became hard to obtain. She likes the OKC Program, specifically the forgiveness clause.

Councilmember Scanlon said OU may be able to assist with technical training on business models and the City could pay OU or maybe OU might volunteer to do this at no charge. Mayor Clark agreed and said there should be links to programs already available in Norman.

Mayor Clark said it is important to address businesses that did not qualify for federal funding, i.e., entrepreneurs, contract employees, self-employed, etc.

Councilmember Wilson said she would like to see this funding as an endowment with multiple options, i.e., incubate new businesses, recover current businesses, businesses that did not receive federal funding, minority owned, etc. She would like this program to continue into perpetuity and make the money work and grow, perhaps creating a Norman Foundation.

Questions/Comments, continued:

Mr. Darrel Pyle, City Manager, said the conversation regarding the opportunity to develop a revolving loan fund whereby loan repayments by the first round of recipients becomes the bucket of money available to loan to the second round of recipients. He said interest rates are very low so this is the perfect time to establish a revolving loan fund as long as the statutes for this GO Bond question would provide for that opportunity.

Councilmember Bierman said she loves all the ideas and firmly supports the revolving loan idea. She said many businesses that were rejected was due to their credit, either not having a high credit score or having high debt, so whatever the City can do to minimize the impact of someone's credit history may have on the loan/grant she would support. She would also like this to be a City managed program to ensure strong oversight and reporting. She would also like to offer grant opportunities or reimbursement to cover costs of sanitizing prior to reopening and continued sanitizing costs.

Councilmember Hall said the City of Norman cannot begin the program immediately like OKC since the City has to wait until the August election results so Council needs to be thinking of the needs three months from now. She said a majority of respondents stated the next three to six months are the most crucial for the viability of their business so what they need right now versus what they might need when the City is in a position to help may be vastly different so she would like more discussion on that issue. She likes the idea of a combination of loan and grant programs and would like to focus on businesses with less than 50 employees that are not eligible for other funding.

Councilmember Carter said this program is probably outside of City's area of expertise and he would strongly encourage Council to employ the services of an outside expert to design a plan that accomplishes Council's goals defined tonight. He said non-essential businesses that have been closed for the last six to eight weeks are in dire straights and need something to stimulate economic activity so that would require an area of expertise. He is also concerned about the number of unemployed and how to help them. He said the City needs to drive consumer spending, increase consumer confidence, improve unemployment, etc., over the next three months to try to avoid a recession or depression.

Mayor Clark said the City cannot forget about non-profit agencies that are so important to the community as well as youth sports losing revenue.

Items submitted for the record

1. PowerPoint presentation entitled, "City of Norman Municipal Project Projects Funding Analysis," dated April 28, 2020

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The meeting adjourned at 6:27 p.m.

ATTEST:

City Clerk



Mayor

A handwritten signature in black ink, appearing to be 'BCL', written over a horizontal line.