

NORMAN CENTER CITY PROJECT REVIEW COMMITTEE MINUTES

November 6, 2017, 8:00 a.m.

The Norman Center City Project Review Committee met in the Municipal Complex located at 201 West Gray Street on November 6, 2017, at 8:00 a.m., and notice and agenda of the meeting were duly posted at least 48 hours prior to the beginning of the meeting.

PRESENT: Mayor Lynne Miller, Jane Bowen, Todd Gibson, County Commissioner Harald Haralson, Becky Patten, Bob Thompson, Chuck Thompson, Lisa Wells, Erin Williford

ABSENT: Dr. Nick Migliorino

STAFF PRESENT: City Manager Steve Lewis, City Attorney Jeff Bryant, Sarah Encinias, Emily Pomeroy, Cameron Brewer

Item 1, being: Call to Order

Chair, Mayor Lynne Miller, called the meeting to order at 8:05 a.m.

Item 2, being: Introduction of Members and Roll Call

Committee members took turns introducing themselves:

Lynne Miller – Mayor of Norman

Lisa Wells – Executive Director of the Pioneer Library System

Jane Bowen – Superintendent and CEO of MNTC

Todd Gibson – Cleveland County Sheriff and Vice Chairman Cleveland County Board of Health, alternate for Keith Reed, Regional Director County Board of Health

Becky Patten At-Large member

Chuck Thompson At-Large member

Bob Thompson At-Large member

Harold Haralson – Cleveland County Commissioner

Erin Williford – Chair of the City Planning Commission

Emily Pomeroy of the Center for Economic Development Law, development consultant to the City of Norman, also introduced herself as well as City Attorney, Jeff Bryant.

Item 3, being: Consideration and appropriate action to approve the minutes of the October 9, 2017, special meeting of the Norman Center City Project Review Committee

Mayor Lynne Miller points out to the committee that Ms. Becky Patten's last name is misspelled as "Patton" in the second paragraph on page three (3) of the minutes; all members concur to the correction. Mayor Miller requests a motion for approval of the minutes, as amended. The

motion is submitted by Ms. Jane Bowen and seconded by Ms. Lisa Wells. Mayor Miller called the vote: all in favor and none opposed.

Item 4, being:

Presentation, discussion, and possible appropriate action on the proposed Norman Center City Project Plan, Eligibility Report, and Financial Impacts Report

Mayor Lynne Miller begins by summarizing the previous meeting's discussion and main points of concern expressed by some members about funding sources. A request from the County was for sales tax increment generated from retail sales occurring in new retail stores be included along with a request that a portion (10%) of ad valorem taxes go back to the taxing jurisdictions. There was also a discussion about getting information about what money had already been spent in the Center City area and the area immediately adjacent to it. Mayor Miller referred to the "City of Norman Investments in Center City as of November 2, 2017" summary that was compiled by the City and provided to members this day.

Ms. Emily Pomeroy summarizes the changes to the Project Plan as requested at the previous Review Committee meeting and continues this discussion by referring to the Powerpoint presentation outlining the possible changes. The Project Plan includes language that money can be injected by the City from other sources and it also makes a requirement for a \$3,000,000 revolving fund which the City agrees to create from revenue sources that are available. These revenue sources include water utility, sewer utility and other enterprise funds the City might have available.

Ms. Pomeroy then addresses the concern about whether a sales tax increment should be included in the Project Plan. She states there would be a very limited opportunity for the generation of sales taxes from this project because the real increment generator comes from the development of property and thus an increase in property values. A possible change could be an addition of language that creates a sales tax increment district based on new retail businesses that are both new to the City and new to the increment district, with 10% going to the general fund and 90% going to the apportionment fund to pay off project costs.

Mayor Miller expresses concern about this concept because sales tax is what impacts the general fund and this makes it unlikely that the Project Plan would be approved by City Council. Ms. Pomeroy states that this project isn't meant to generate sales tax but to stimulate real estate development and density; however a sales tax increment component is still viable and legal under the statute.

Mr. Haralson requests details of the projections and formula used to arrive at the calculated amounts. Ms. Pomeroy states the formula for the projections were obtained by examining the property values in the area from the County Assessor's webpage. She stated Cameron Brewer, who is also at the Center for Economic Development Law, used the Form Based Code to help determine what kind of development density is possible on every piece of property. Based on that information, Mr. Brewer analyzed how developable each parcel of property is and did a projected value that calculated the increment of what that property could generate over 25 years.

A conservative inflation rate was ultimately used in the calculation in order to keep it from appearing to use unrealistic numbers that a lender is going to determine are unreliable.

Mr. Brewer offers to speak to members about the specifics of the calculations. Mr. Jeff Bryant recommends that a sub-committee be formed in order to meet about this particular subject so each concern could be addressed specifically. The sub-committee will be comprised of the following members: Mayor Lynne Miller, County Commissioner Harold Haralson, Chuck Thompson, and Bob Thompson. Members agreed to meet at a date to be determined after this meeting.

Item 5, being:

Possible consideration and appropriate action to approve the Findings and Recommendation of the Norman Center City Project Review Committee

No action was taken on this item.

Item 6, being:

Future Meetings Schedule

A group email will be sent out to gather information for the next meeting availability.

Item 7, being:

Other Business

None.

Item 8, being:

Adjournment

The meeting adjourned at 9:27 a.m.

Norman Center City Project Plan

**Norman Center City Project
Review Committee**

November 6, 2017



**CENTER FOR ECONOMIC
DEVELOPMENT LAW**

Statutory Review Committee's Charge

- Finding as to **eligibility** of proposed project area and increment district
- Finding as to **financial impacts** of proposed increment district on taxing jurisdictions and business activities
- **Recommendation** to City regarding proposed project plan

Major Goals of Local Development Act

TIF = Tool for Economic Development and Revitalization

- Financing of public infrastructure improvements through “incremental revenues”
- Public infrastructure improvements encourage private investment in Project Area
- Private investment generates “incremental revenues” to support the financing of the public improvements
- Key to success: an identified incremental revenue stream that will support financing authorized Project Costs

Proposed Project Plan

- \$47.4M in Project Costs
 - Johnson & Associates analysis - public roadway and public alley improvements, water line improvements, storm sewer improvements, fiber-optic improvements, sidewalk/ADA improvements, streetscape improvements.
 - Public improvements needed for higher density development envisioned by CCFBC
 - Contingency and implementation costs.
- Maximum 25 year time period
 - Could be shorter if increment grows more quickly than estimated
 - Could be shorter if all Project Costs paid earlier
- 100% ad valorem increment district creating revenue stream from increases in property taxes resulting from projected \$82M in new private investment

Review Committee Concerns

Concerns voiced by Review Committee members at and after October 9, 2017 Review Committee meeting:

1. What is the City's financial participation in Center City?
2. Should the Project Plan include some level of a sales tax increment, as in UNP TIF?
3. Can ad valorem taxing jurisdictions share in the incremental revenue stream?
4. What happens to incremental revenues beyond authorized Project Costs?

Review Committee Concerns

1. What is the City's financial participation in Center City?

City is investing over \$21 million – including

Campus Corner infrastructure (primarily sales tax increment)

Water line improvements / Sewer line improvements

CDBG Programs / Gray Street parking lot

Center City Visioning / Parking Studies

Main Street improvements (both sides of tracks)

Duffy Street railroad crossing realignment

James Garner extension

Review Committee Concerns

1. What is the City's financial participation in Center City?

City is investing over \$21M

Proposed Project Plan Change:

-Add additional City source of funds to be made available, should an amendment to UNP be adopted; see Section IX(A).

-City obligated to establish \$3M fund available for advancement of money towards Project Costs; see Section IX(A) *(stimulate early redevelopment if there is difficulty with financing)*

Review Committee Concerns

2. Should the Project Plan include a sales tax increment?

Not anticipated to be a significant increment generator in this project; Project Plan goal is to support increase in density and creation of sense of place (both property tax generators); Campus Corner and Downtown are matured retail centers.

Proposed Project Plan Change:

-Establish a sales tax increment of 90% of the City's non-dedicated sales tax attributable to new retail businesses new to the City that locate within the Increment District; see new Section VI(C).

-Reference to "sales tax" increment district where appropriate.

Review Committee Concerns

3. Can ad valorem taxing jurisdictions share in the incremental revenue stream?

Not advisable in this type of area wide project since increment generation will be difficult.

Proposed Project Plan Change:

-Pursuant to Section 853(9) of Local Development Act, allocate 10% ad valorem revenue stream to affected taxing jurisdictions; see new Section VIII(C).

Review Committee Concerns

4. What happens to incremental revenues beyond authorized Project Costs?

Disbursements of increment beyond authorized Project Costs are returned to the taxing jurisdictions.

Proposed Project Plan Change:

-Cite Section 861(C) of Local Development Act that requires funds be returned to affected taxing jurisdictions upon termination of Increment District; see new Section VIII(F).

-Specifically state that should increment not be used to pay authorized Project Costs, it will be returned to affected taxing jurisdictions upon termination of Increment District; see new Section VIII(F).

Important Points re: TIF in Center City

1. Project Plan is an effort to put in place economic and financing strategy to entice private development in Center City Form-Based Code area, which is difficult and expensive, but will add greater long-term value and quality to the area.
2. More development on the front end means greater likelihood of Project Costs being paid and Increment District terminating more quickly.
3. Apportioning some incremental revenue back to the taxing jurisdictions and delay in adoption increases the length of life of the Increment District.
4. Projections are based on *conservative* annual growth that forecasts a realistic revenue stream upon which financing can be obtained, and debt obligations be met.
5. Goal of Project Plan is to provide a financing mechanism that can assist in the public infrastructure envisioned by the Center City Form-Based Code by stimulating private development.

Statutory TIF Review and Creation Process

- Review Committee Findings and Recommendation
 - Eligibility - financial impacts - recommends to City
- Planning Commission
 - Conformance with Comprehensive Plan – recommends to City
- City Council - two public hearings before consideration
 - First public hearing – provide information and answer questions
 - Second public hearing – provide opportunity for those interested to express views prior to adoption
 - City ordinance adopting Project Plan and establishing the Increment District

- Questions
- Comments
- Input