



CITY OF NORMAN, OK
CITY COUNCIL FINANCE COMMITTEE MEETING
Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069
Thursday, April 17, 2025 at 4:00 PM

MINUTES

The City Council Finance Committee of the City of Norman, Cleveland County, State of Oklahoma, met in Regular Session in the Executive Conference Room in the Municipal Building, on Thursday, April 17, 2025 at 4:00 PM, and notice of the agenda of the meeting was posted at the Norman Municipal Building at 201 West Gray and on the City website at least 24 hours prior to the beginning of the meeting.

CALL TO ORDER

PRESENT

Mayor Larry Heikkila
Councilmember Ward 3 Bree Montoya
Councilmember Ward 4 Helen Grant
Councilmember Ward 6 Josh Hinkle

ABSENT

None.

OTHERS

Councilmember Ward 5 Michael Nash
Councilmember Ward 7 Stephen Holman
Anthony Purinton, Asst. City Attorney
AshLynn Wilkerson, Asst. City Attorney
Dannielle Risenhoover, Admin. Tech IV
Darrel Pyle, City Manager
Jacob Huckabaa, Budget Technician
Jason Murphy, Stormwater Program Manager
Kim Coffman, Budget Manager
Scott Sturtz, Director of Public Works
Shaakira Calnick, Internal Auditor
Shannon Stevenson, Asst. City Manager
Taylor Johnson, Transit & Parking Program Manager
David Floyd, Floyd Law Firm

Councilmember Holman chaired the meeting and called it to order at approximately 4:00 PM.

AGENDA ITEMS

1. DISCUSSION REGARDING FINANCING OPTIONS FOR PUBLIC PARKING STRUCTURES.

City Manager Darrel Pyle led the discussion. He stated that the City has started receiving phone calls from downtown property owners who are seeking parking solutions for professional office buildings that don't come with a parking lot. There is also a developer interested in building as many as 800 housing units in downtown Norman that will also require parking. "We pulled out the parking study realizing it may be time to initiate that conversation," Pyle said. The parking study, engineered by Kimley Horn, identified the preferred locations of three parking structures in Norman. Pyle described the locations as, "one of them across the street and to the north of the courthouse on county owned land, one of them at Peters and Gray on the City parking lot, and one of them on Campus Corner on another City parking lot." Pyle invited Attorney David Floyd to the meeting to provide bond information for the Committee, with the goal of not leveraging the City's General Funds toward the development of the parking structures.

"The way that you want to do parking is you want to develop an asset for your municipality," Floyd said. "Parking is one of the few hard infrastructure things that you can finance on taxes and basis for public purposes that will also turn around and generate you a return. You utilize it as its own self-perpetuating wheel. Once you have one (parking structure) going, you have a revenue source identified and you can leverage those revenues to create the next one and the next one. It never touches your budget, it never touches your general debt, it never impacts your sales tax. When you have something like this, that actually drives other value, it makes sense to spin it off and have it on its own. The question always comes in, okay, how do you get the wheel started?"

Floyd suggest considering the long-term leasing of parking spots. "You can use those as a way to lock in your financing," Floyd said. "You've already got guaranteed people that are going to purchase the slots. You can round up the rest of your tax and revenues and throw those in there as well. You can look at other grant funds; you can look at federal infrastructure packages. There are ways that municipalities can take rooftops, do (solar) power generation, and then receive a direct pay credit for the energy that's generated; so, you start looking at the whole mix of, 'What can we do to get this going?' Another thing I would say at least to consider, at least for downtown, is you establish a downtown TIF." Floyd stated that the TIF would act as a "backstop" in that revenues pledged through the TIF would support the parking structures debt service only when needed. "What that means is that you need \$1,000,000 debt service in one year and your parking revenues only generate \$800,000, okay, the first \$200,000 of the TIF goes to service the structure's debt. The rest of it flows like it ordinarily would and you get to a point where you never have to rely on those but now it acts as a credit enhancement so it's dropped your borrowing cost down," Floyd said.

According to Floyd, the City of Norman could establish its own independent parking authority. The parking lots and the rights to receive parking revenues would be transferred to this authority. This parking authority would have its own Board of Trustees and it would be a separate, standalone, legal entity. The authority could either construct, operate, and maintain these facilities or bring in a private operator.

Cleveland County has also shown interest in building a parking structure(s). "The conversation with them was, 'We'll do a trust that Norman and Moore play a role in. We finance it on our books through the County Trust, there's an inter-local agreement or a use agreement with the City where the City takes either maintenance and operations or just operations or reserve a certain amount of spots and the rest of them go up for public auction for downtown people to buy or they're metered,'" Floyd said. "The thought now is if we could do this in a way that it benefits the entirety of your county, we spread the liability amongst other municipalities and governmental entities where it's not just on Norman and we can still address Norman's parking needs and do it in a way that doesn't impact the budget and is revenue neutral for the City, that would be a way to solve this parking problem that we have."

Darrel Pyle stated, "Each one of the parking structures identified in the study actually has different attributes that may lend each one of them to different outside funding sources like grants. The parking structure envisioned next to The Depot with a hotel in front of it, based on its location, qualifies for ACOG funding."

Under these funding concepts, the City foresees three, potentially four, parking structures being built without a Norman Forward 2 tax allocation to achieve it.

Councilmember Holman stated, "In previous discussions about parking structures, Council, myself, and previous Councils have been pretty adamant about making sure that they are street active with leasable commercial space on the ground floor; so, it's not an entire block that's just like a dead zone. We wanted to make sure that they were active street level and that they complemented the historic character of downtown or campus corner."

Floyd stated, "When you start getting into leasable space, that changes the calculation a little bit on the tax exemption as far as how that's going to be used; but structurally, everything's the same. You've got a tenant paying for a space either for parking, retail or housing."

Pyle added, "They're already conceived to be fire sprinkled so there's really not added cost in construction other than, you know, exterior glass and aluminum out there on the storefront." Currently, the cost for one parking structure spot ranges from \$20,000 to \$25,000.

City employees will provide the Finance Committee with additional financial documents and schematics for review at the next City Council Finance Committee Meeting.

2. DISCUSSION REGARDING A POTENTIAL PARKING TAX FEE FOR PUBLIC PARKING STRUCTURES.

Councilmember Nash led the discussion. In June 2024 an email was sent out discussing the possibility of the City levying a tax on commercial parking spaces. The idea of this tax stemmed from the possibility of a parking garage being built in a new entertainment district. "The thought of the arena area coming into play with the 100% sales tax diversion, how can we claw back a little bit? Well, if they're going to be putting in a parking garage then we could levy a special tax on parking garages or on short-term parking or commercial parking spaces," Nash said. He also stated that there is nothing that prohibits a municipality from levying taxes on parking spaces. Questions were raised regarding what this type of tax revenue could be used for and if certain tax exempt parties would be required to pay it. Pyle stated, "If we had a surcharge on parking, that might be viewed - not as a tax, to provide you with more flexibility in terms of the discretionary

value of how you assigned your surcharge. It may honestly just come down to the magic in the language. If it's a tax, you may have to get really, really specific on what those tax dollars could be spent on versus surcharge which the voters don't approve. The Council sets the fees and sets the surcharge and then Council determines what the surcharge could be used to support."

City of Norman staff will address the City Council Finance Committee's questions by presenting parking tax options and alternatives to them before any type of parking fee becomes an action item for City Council.

3. DISCUSSION REGARDING MONTHLY REVENUE AND EXPENDITURE REPORTS.

Kim Coffman gave the report. She drew attention to the Sales Tax revenue for April. "We were 3.5% below year-to-date revenues compared to last year and because our Sales Tax budget was set 2% higher than last year's receipts, we're also 3% below the budget target."

"This is what we are seeing metro wide, statewide," Darrel Pyle said. "We are being more conservative on next year's revenue projections until we see a sign that something is turning the corner. Our population continues to grow, student population continues to grow, so we don't really have an answer as to why we are spending differently or why we are spending less. We will continue to remain conservative. Our long-term goal, based on prior Council action, is to stay far enough ahead of the current situation. We don't want to be in a layoff scenario."

Councilmember Grant stated, "While these numbers aren't rosy, OML is working on a five-year plan to get us cities more reliable funding sources. I'd like to do our part to get across to our legislators that we need to change things."

Councilmember Holman replied, "If we are able to even get an additional revenue source for essential public safety services. Police and fire, our two biggest expenses that are 24/7, that cover the entire city limits, including areas that have no commerce and no sales tax revenue, that alone would make a huge difference for cities."

In a previous state legislative session, there was a proposal to allow for the creation of Public Safety Districts. A component of the proposal was deemed unconstitutional; however, corrective action was to be taken on the proposal. Darrel Pyle will bring the Committee an update on this proposal. "I would think the legislature would be in support of allowing the voters to decide how they wanted to finance those public safety costs," Pyle said.

ADJOURNMENT

Councilmember Holman adjourned the meeting at 5:05 PM.

ATTEST:

City Clerk

Mayor