



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 12/14/2021

REQUESTER: Kathryn Walker

PRESENTER: Kathryn Walker, City Attorney

ITEM TITLE: CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF CONTRACT K-2122-82: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA AND NORMAN REGIONAL HOSPITAL AUTHORITY FOR THE DEVELOPMENT OF THE PORTER HEALTH VILLAGE AND CONVEYANCE OF PROPERTY.

BACKGROUND:

Norman voters approved the Norman Forward Quality of Life Projects Sales Tax of 2015, which provided a one-half (1/2) percent sales tax dedicated to fund a number of Quality of Life projects, including a Senior Citizen's Center (Senior Wellness Center Facility, or the "Facility"). The City approved a contract with Frankfurt-Short-Bruza Associates ("FSB") in August of 2019 for the design of the Facility. Initially, FSB was developing designs for a facility within the \$7.6 million budget, with proposed additional phases should funding become available in the future. On October 29, 2020, Council allocated an additional \$4.8 million towards the Facility project with funds that were freed up after the City received federal reimbursements for other unrelated previously budgeted expenses.

After the increase in funding, the City approved an amendment to FSB's contract to accommodate the design and construction of the Facility in a single phase on an approximately 4.7-acre site in the southeast corner of the Norman Regional Hospital's (NRH) Porter Avenue Wellness Village Campus (the "Porter Campus"). In November 2020, Staff released a Request for Proposals related to the operation of the Facility. The City approved a memorandum of understanding ("MOU") with Healthy Living & Fitness, Inc. for the operation of the Facility on April 13, 2021.

Approximately 12 acres of the Porter Campus is owned by the City, which leases the land to NRH at no cost for the operation of a hospital. At the same time, discussions were occurring about locating the Facility on the southeast corner of the Porter Campus, discussions were also occurring between the City and NRH about property owned by NRH located at 718 N. Porter Avenue. As the Porter Campus redevelops, NRH will no longer have a need for the 718 N. Porter property and has expressed an interest in conveying it to the City. The City has expressed interest in receiving the property. A variety of uses have been proposed, including a permanent night shelter, a sobering center, and a resource center. It is thought that the Strategic Homeless Plan being developed by Homebase, Inc. (Contract K-2021-79) will provide the City with more

information about the best uses for this property. Other services could include City-based storage and/or a small business incubator.

These discussions resulted in an MOU with NRH to set up a framework for future development of the Porter Campus and the transfer of land between the parties. The MOU was approved by the parties in August 2021 and contemplated the negotiation and execution of a Purchase and Sale Agreement ("PSA").

DISCUSSION:

The PSA is consistent with the MOU previously approved by the parties. It contemplates a land swap, where the City would transfer its Porter Campus property to NRH in exchange for retaining the Senior Center tract and for the transfer of 718 N. Porter to the City. A map showing the current ownership of the parcels on the Porter Campus is attached to the PSA as Exhibit A. In the event the values do not offset equally, including the land needed for the City's Porter expansion project, the MOU provided that payment will be made to offset the value of the conveyances. Since the MOU was adopted, the preliminary plat has been developed which encompasses sufficient right of way and easements to accommodate the Porter Project. Based on appraised values of the City owned land being transferred to NRH, valued at \$2,540,000, 718 Porter, valued at \$1,240,000, and the transfer of the 4.01 acre Senior Site, valued using the appraisal of the City owned land at \$ 873,378, the offset due to the City upon closing is \$426,622.

The City and NRH are joint applicants for the preliminary plat and rezoning that is necessary to redevelop and redesign the Porter Campus in accordance with the site plan attached to the PSA as Exhibit B. The Preliminary Plat is attached as Exhibit D. The rezoning and plat applications were heard at the Planning Commission meeting of December 9, 2021, and will be considered by Council in January 2022. Each party is responsible for its own development costs related to their respective parcels, including the costs of final platting. Additionally, the parties will work together with the Norman Arts Council for project development, selection, execution, and installation of public art.

With the approval of this agreement, the parties will finalize the title work associated with the land swap and move forward with a closing to effectuate the swap.

RECOMMENDATION:

This agreement is a critical next step towards the construction of the Senior Wellness Center. Staff recommends approval of the Purchase and Sale Agreement (Contract K-2122-82).