



## CITY OF NORMAN, OK STAFF REPORT

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**MEETING DATE:** 05/10/2022

**REQUESTER:** Anthony Francisco

**PRESENTER:** Anthony Francisco, Finance Director

**ITEM TITLE:** CONSIDERATION OF ADOPTION, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF RESOLUTION R-2122-116: A RESOLUTION OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, THE NORMAN MUNICIPAL AUTHORITY, AND THE NORMAN UTILITIES AUTHORITY APPROPRIATING \$5,700,000 FROM THE GENERAL FUND BALANCE; \$100,000 FROM THE CENTER CITY TAX INCREMENT FINANCE DISTRICT FUND BALANCE; \$1,922,372 FROM THE NORMAN FORWARD FUND BALANCE; TRANSFERRING \$25,000 FROM THE FIRE STATION 1, 2, AND 4 PROJECT; REDUCING APPROPRIATIONS FROM THE NORMAN FORWARD FUND BALANCE BY \$10,290,817, AND REDUCING APPROPRIATIONS FROM THE WATER RECLAMATION FUND BALANCE BY \$3,300,000 IN ORDER TO COMPLETE SEVERAL ONGOING PROJECTS AND TO MOVE SURPLUS FUNDS FROM COMPLETED PROJECTS.

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### BACKGROUND:

As required by the City Code, the City Council Finance Committee, at its mid-year budget review meeting on January 20, 2022 received information on the actual, audited financial status of the General Fund balance as of June 30, 2021 and further discussed the fiscal year-end fund balance projected for June 30, 2022. These projections indicated that after all required reserve requirements were met, the General Fund would have “surplus” fund balances of approximately \$8.9 million. The Finance Committee discussed several areas of one-time expenditure for some of the surplus General Fund balance:

- Deposit to the Net Revenue Stabilization (“Rainy Day”) Fund
- Providing Funding for a City Vehicle Wash Facility
- Providing Funding for Andrews Park Improvements for Disabled Users

### DISCUSSION:

At the April 19, 2022 Council Study Session, further direction was given regarding uses of projected surplus General Fund balances, along with additional increased or reduced appropriation actions that would be needed in various City funds. In summary, these directions included the following:

- Providing Funding for the Renovation and Refurbishment of the City Municipal Complex;
- Providing Funding for Legacy Trail Lighting Repairs and Upgrades;
- Providing Fund for the Teen CEO Program;
- Providing Funding for Repairs and Renovations at the City Animal Shelter
- Providing Funding for Long-Range Planning from the General Fund and Center City TIF Fund;
- Adjusting Norman Forward and Water Reclamation Fund Appropriations to address year-end cash flow concerns.

### **Municipal Complex Renovation**

On May 13, 2008, the voters of Norman approved Ordinance O-0708-33 authorizing the issuance of \$11,250,000 in General Obligation bonds (GO Bonds) for “renovating, reconstructing, and equipping certain existing municipal buildings within the Municipal Complex to be used for a Senior Citizen’s Center, Municipal Court, Planning and Community Development Offices, City Engineering Department Offices, and expansion of the Police Department”. These authorized bonds were not issued immediately, pending the relocation of the Norman Public Library, Central Branch from the Municipal Complex location. With the passage of the Norman Forward Sales Tax in 2015, funding was made available for the construction of a new Central Branch Library, which was completed in November, 2019. The relocation of the Central Library enabled the renovation of the Municipal Complex to move forward.

The Council reviewed updated plans for the renovation of the Municipal Complex on September 3, 2019, and on March 24, 2020, the Council approved an Amendment to Contract K-1819-99 with The McKinney Partnership for final design of the Municipal Complex. Also on March 24, 2020, the Council and the Norman Municipal Authority approved Contract K-1920-133 with Crossland Construction Company, for Construction Manager at Risk services for the Municipal Complex.

On March 23, 2020, the District Court of Cleveland County approved a Joint Motion for Summary Judgment in the case of Tom Sherman vs. The City of Norman (Case Number CV-2020-140 JV), which authorized the modified scope of the Municipal Complex renovation projects directed by the City Council.

Due to the modified scope of the Municipal Complex renovation and increased costs for construction of the renovations, the Council has directed that an additional \$3.8 million be made available for the renovations, from available General Fund balance. The funds are proposed to be allocated to the Municipal Complex project for renovations to “Building C” to serve as the renovated offices of the Human Resources and Information Technology Departments of the City; along with housing the Traffic Management Systems funded by federal Surface Transportation Block Grants; and for exterior improvements to the Police Headquarters facility (“Building B”).

It is recommended that \$3,500,000 of General Fund balance be appropriated for the Human Resources/Information Technology Center, and \$300,000 be appropriated to the Police Headquarters Facility.

### **Legacy Trail Lighting Upgrades – Duffy Street to Robinson Street**

The original poles, lighting (lamps) and wiring facilities for Legacy Trail (from Duffy Street to Robinson Street) were installed approximately 20 years ago. Many of the lights are inoperable and/or have sustained damage in storms and in normal wear and tear. The lighting systems are owned by the City of Norman and maintained by agreement with Oklahoma Gas and Electric Company (OG&E). In order to comply with current standards and the maintenance agreement with OG&E, the existing incandescent lamps need to be replaced with more efficient light-emitting diode (LED) lamps. The wiring systems along Legacy Trail need to be replaced in order to support the LED fixtures.

It is recommended that \$300,000 of General Fund balance be appropriated for the repair and replacement of the lighting systems along Legacy Trail.

### **Teen CEO Program**

In the August 17, 2021 City Council Conference meeting, discussion was held of proposed uses of the City's American Rescue Plan Act entitlement funds. Among these uses was providing support to the Norman Children's Educational Opportunity (CEO) Program and other non-profit organizations disproportionately affected by the COVID-19 pandemic. The CEO Program is established to develop and implement a personal development and scholarship program for the benefit of students of Norman Public Schools. It is recommended that General Fund balance be appropriated for this purpose.

### **Funding Re-Allocation for Animal Shelter Repairs**

The City's Animal Welfare Oversight Committee has discussed the need for further repairs and renovation of the Animal Shelter's ventilation systems and replacement of the Shelter's anesthesia machine and other equipment. It is recommended that \$25,000 be re-allocated from Maintenance of Existing Facilities, Fire Station 1, 2, and 4 Overhead Doors, Construction (Account 50196677-46101; Project EF0229) to Maintenance of Existing Facilities, Animal Shelter, Materials (Account 50196677-46301; Project EF0218).

### **Long-Range Planning Allocations**

On November 16, 2004, the Council adopted Resolution R-0405-39, the Norman 2025 Comprehensive Land Use and Transportation Plan (with enabling Ordinances O-0405-22, O-0405-23 and O-0405-24). This Comprehensive Plan ("Norman 2025") was the culmination of thousands of hours of work by members of the Norman Future Committee, the Norman Planning Commission, the Clarion Associates consulting team, and City staff.

On May 13, 2014, the City of Norman adopted Resolution R-1314-112, its first Comprehensive Transportation Plan (CTP). The CTP was the culmination of work of the Council's appointed Citizen's Transportation Subcommittee, Bicycle Committee and City staff. The CTP addresses multi-modal transportation methods and supports then-forecasted transit system needs into the future.

Between July 2016 and November, 2017, a Comprehensive Plan Steering Committee, comprised of over 50 citizens, met to prepare a new Comprehensive Land Use Plan, to succeed

Norman 2025. A draft of the new “Plan Norman” was presented to a joint City Council/Planning Commission meeting on February 6, 2018, but a new comprehensive plan was never adopted by the Council.

In May 2017, the City Council received a Norman Center City Infrastructure Analysis, prepared by Johnson and Associates. This analysis was prepared to identify public infrastructure needs and preliminary cost estimates to support the Center City Form-Based Code, which was adopted by the Council on May 23, 2017. The City Council adopted the Center City Tax Increment Finance District (CC TIF) Project Plan on December 19, 2017 (Ordinance O-1718-27), with the intention of providing incremental property tax revenue to pay for the identified infrastructural needs.

Since the adoption of Norman 2025 and the Comprehensive Transportation Plan, many demographic, socioeconomic and external factors have impacted on the inputs to the City’s long-range planning processes. New population and housing information has been provided in the 2020 U.S. Census; many market forces have demanded changes to the Norman 2025 Plan and related zoning ordinances; and most recently, the Oklahoma Turnpike Authority’s “Access Oklahoma” program was made public, which plans for major new controlled access turnpikes bisecting north Norman from west to east, and bisecting east Norman from north to south. These factors exacerbate the need for updated City long-range plans. At the April 19, 2022 Council Study Session, direction was given to appropriate \$1,500,000 in General Fund balance revenue for updated long-range, comprehensive plans for land use and transportation, and to appropriate \$100,000 of Center City TIF Fund balance for a Center City TIF Urban Design and Implementation Plan; a detailed update to the Johnson Associates Analysis.

### **Norman Regional Health System Payment for “NMotion” Facility**

The Norman Regional Health System (NRHS) is partnering with the City to construct a state-of-the-art human performance facility, called “NMotion”, to be co-located at the City’s Young Family Athletic Center (YFAC). Pursuant to Contract K-2021-99 (adopted by the Council/Norman Tax Increment Finance Authority/Norman Municipal Authority on February 9, 2021), NRHS will pay for its pro-rata share of the construction costs of the YFAC (estimated to be approximately 20% of the total construction cost). The first NRHS payment of \$2,188,372 was received in February, 2022, and needs to be appropriated to the YFAC Project (NFP110).

### **Reduced Appropriations for Positive Projected Year-End Fund Balances**

The Norman Forward Fund has encumbered the full cost of constructing the Young Family Athletic Center, in order to fund the Construction Manager at Risk contract. The funds will actually be paid out over the next several months, however, as construction progresses. In order to close fiscal year 2021-2022 with a positive Norman Forward Fund balance, several reduced appropriation actions are recommended. The projects have been closed out in some cases, and funds would be re-appropriated with the adoption of the fiscal year 2022-2023 budget in other cases, as highlighted below.

Likewise, the Water Reclamation Fund is projected to be over-appropriated at the close of fiscal year 2021-2022 to cover contracted costs for the construction of the new Line Maintenance Facility. These funds would also be re-appropriated with the adoption of the FYE 2023 budget.

**RECOMMENDATION 1:**

It is recommended that \$5,700,000 in General Fund balance (account 10-29000) be appropriated and allocated as follows:

Building C Renovations (Project BG0075)	\$3,500,000
Building B Renovations (Project BG0075)	\$ 300,000
Legacy Trail Lighting (Project BG0088)	\$ 300,000
Teen CEO Program (10110101-44741)	\$ 100,000
Long-Range Plans (50593388-46201; Project BG0164)	\$1,500,000

**RECOMMENDATION 2:**

It is recommended that \$100,000 in Center City Tax Increment Finance District Fund balance (account 58-29000) be appropriated to Urban Design and Implementation Plan, Design (Account 58550513-46201; Project BG0089).

**RECOMMENDATION 3:**

It is recommended that Norman Forward Fund appropriations be REDUCED (Fund Balance account 51-29000 increased) by \$10,290,817, by reducing fiscal year 2021-2022 allocations as follows:

Library, Central *	Project NFP016	\$ 635,305
Library, Eastside *	Project NFB017	\$ 294,694
Ruby Grant Park *	Project NFP105	\$2,003,573
Westwood Aquatics *	Project NFB018	\$ 236,198
Griffin Soccer **	Project NFB001	\$4,135,074
Neighborhood Parks **	Project NFP101	\$ 56,966
New Neighborhood Parks **	Project NFP104	\$ 740,866
Trail Development**	Project NFP107	\$ 970,541
Saxon Park**	Project NFP106	\$1,217,600

\* Projects recommended to the closed out

\*\* Projects that are ongoing; funds recommended to be re-allocated in FYE 2023

**RECOMMENDATION 4:**

It is recommended that \$1,922,372 in Norman Forward Fund balance (Account 51-29000) received from Norman Regional Health System be appropriated to the Young Family Athletic Center project, Construction (Account 51796601-46101; Project NFP110).

**RECOMMENDATION 5:**

It is recommended that Water Reclamation Fund appropriations be REDUCED (Fund Balance account 32-29200 increased) by \$3,300,000, by reducing fiscal year 2021-2022 allocations to the Line Maintenance Facility project (WW0329).

**RECOMMENDATION 6:**

It is recommended that \$25,000 be transferred from Fire Station 1, 2 and 5 Overhead Doors, Construction (Account 50196677-46101; Project EF0229) to Animal Shelter, Materials (Account 50196677-46301; Project EF0218).