



## CITY OF NORMAN, OK STAFF REPORT

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**MEETING DATE:** 10/10/2023

**REQUESTER:** Jason Olsen, Director of Parks & Recreation

**PRESENTER:** Elisabeth Muckala, Assistant City Attorney

**ITEM TITLE:** CONSIDERATION OF APPROVAL, ACCEPTANCE, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF CONTRACT K-2324-68: A COMPENSATION AGREEMENT BETWEEN THE CITY OF NORMAN AND NEP NORMAN, LP, FOR NEP'S REIMBURSEMENT OF COSTS FOR THE CITY'S CONSTRUCTION OF A FIRE CIRCULATION DRIVE ON THE ADULT WELLNESS AND EDUCATION CENTER PROPERTY TO BE JOINTLY UTILIZED BY NEP AND THE CITY PURSUANT TO FURTHER AGREEMENT.

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### **BACKGROUND:**

In October 2015, Norman citizens passed the NORMAN FORWARD initiative, funding various quality-of-life projects through a one-half percent (½%) sales tax increase over 15 years. The NORMAN FORWARD Initiative included authorization for a project to construct a new Senior Citizen's Recreation Center. After ongoing community input, the project's scope was expanded into a Senior Wellness Center, later named the Adult Wellness and Education Center (AWE).

The AWE will be located on City-owned land on the southeast corner of Norman Regional Health System's (NRHS) Porter Wellness Village, off North Findlay Avenue. The new AWE will include an indoor, heated saltwater pool with lap swimming, water walking, and hydrotherapy seating; an indoor walking track and training space; a fitness classroom area; lounge and game rooms; both wet and dry craft areas; a small prep and demonstration kitchen; and multipurpose rooms that can be used for eating, events, classes, theatrical plays, games, and much more.

The AWE was authorized in the NORMAN FORWARD initiative in 2015 but was unfunded at that time. The AWE was later funded through two Council actions: re-allocation of Norman Forward funds through securing the Griffin Parkland with a long-term land lease instead of a land purchase (\$7.4 million); an allocation of \$4.8 million from federal Coronavirus Aid, Relief & Economic Security (CARES) Act reimbursements (Resolution R-2021-63); and a land exchange with the Norman Regional Hospital System where the City received \$426,000 in cash and what was then appraised for \$1.2 million in property (718 N. Porter) for a total of a \$14 million budget for construction and design. On December 13, 2022, the Council appropriated \$1.2 million in General Fund balance to up-front the anticipated revenue from the sale of the 718 N. Porter property. The sale proceeds have not been reimbursed to the General Fund; effectively the General Fund has contributed \$1.2 million to the AWE project.

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Oklahoma City architectural and engineering (A/E) firm Frankfurt, Short, Bruza (FSB) was selected as the A/E consultant for this project in March 2018. FSB has completed the project's schematic design and construction documents and is assisting with construction administration through the project's completion. The AWE project is scheduled to open in late Fall of this year; final furniture, fixture, and equipment purchases are being made.

The property on which the AWE project is located is directly adjacent, to the east, of property owned by the Norman Regional Hospital Authority d/b/a Norman Regional Health System ("NRHS") and subject to a long-term lease by NRHS to NEP Norman, LP ("NEP Parcel"). As a long-term ground lessee, NEP has constructed the structure on the NEP Parcel and coordinated with the City of Norman regarding the construction of a fire circulation drive for the joint use and benefit of the City Parcel and NEP Parcel. The terms of the agreed access are set forth separately in that certain Reciprocal Easement Agreement ("REA") between NEP, NRHS, and the City and presented as a companion to this item for City Council Consideration as K-2324-84.

### **DISCUSSION:**

Unlike the REA, this Compensation Agreement is only entered into between the City of Norman and NEP. The Agreement provides that NEP is responsible to pay fifty percent (50%) of the construction cost associated with the portion of the Fire Circulation Drive that sits on the City Parcel. Construction of the Fire Circulation Drive on the City Parcel is complete, and the parties have agreed that NEP's share under this Agreement is \$37,609.76.

This expense, as well as the City's use of the portion of the Fire Circulation Drive located on the NEP Parcel, is the consideration provided by NEP in exchange for the City's accommodation of the drive on the City Parcel for NEP's use in compliance with the terms of the REA. City Staff has evaluated this exchange and finds the compensation to be fair and equitable, and the overall agreement of access is ultimately beneficial to the City.

The approval of the Compensation Agreement, K-2324-68, is contingent upon the concurrent approval the REA, K-2324-84. In turn, approval of the REA requires the City's concurrent acceptance of Easement E-2324-26, a drainage and utility easement from NRHS to the City of Norman ("NRHS Easement"). The Compensation Agreement, the REA, and the NRHS Easement are thus presented together as companion items for the City Council's consideration.

Upon approval of this Agreement by City Council and complete execution by all parties, \$37,609.76 is immediately available for deposit in revenue account Reimbursements-Refunds-Miscellaneous General (Account No. 109-365251) by the City, in complete satisfaction of NEP's obligations hereunder.

### **RECOMMENDATION:**

City Staff recommends approval of K-2324-68 and its companion items, K-2324-84 and E-2324-26.