

City of Moore

**Internal Audit Report on Design Effectiveness
and Allowability of Transactions**

September 2015



H O R N E

CPAs & Business Advisors

I. Executive Overview

Introduction

We recently completed a review of functions outlined below with a primary objective of evaluating the process and significant control points for effectiveness, adequacy, and efficiency of operations for the CDBG-DR processes performed by City of Moore (the "City"). The audit was conducted in accordance with the terms of our engagement letter and applicable internal audit guidelines. This report is intended solely for the information and use of management and the City Council, and should not be used for any other purpose. The City's oversight authorities may be provided with a copy of this report in connection with fulfilling their respective responsibilities.

Audit Scope

We completed an audit of several functions of the City's CDBG-DR functions in accordance with the terms of our engagement letter. The audit period covered April 1, 2015 through June 30, 2015. The functions covered in our audit for this period are outlined, as follows:

- Program policies and procedures
- Financial internal controls
- Eligibility of cost and procurement method

Our procedures were performed to:

- Evaluate the adequacy of internal controls in place to mitigate the identified risks,
- Evaluate the allowability of transactions,
- Evaluate newly developed policies and procedures as well as changes to policies and procedures following the June 2015 audit.

To accomplish this, we performed the following:

- Reviewed the following documents:
 - City of Moore CDBG-DR Policies and Procedures: Infrastructure and Public Facilities
 - City of Moore CDBG-DR Policies and Procedures: Housing Rehabilitation
 - Community Development Block Grant – Disaster Recovery (CDBG-DR) Policies and Procedures: Infrastructure and Public Facilities
 - City of Moore Purchasing Policy
 - Storm Water Management System engineering services procurement file
 - Website Design services procurement file

- GIS Update RFP 1415-008 with responses
 - Community Development Block Grant - Disaster Recovery Policies and Procedures: Infrastructure and Public Facilities
 - City Council Minutes Sept 15, 2014
 - City Council Minutes July 6, 2015
 - Land Appraisal for February 2015
 - Land Purchase Agreement dated July 2015
 - Seller's Appraisal Dated March 2014
 - Property purchasing offer correspondence from March 2015 to May 2015
 - Lochner Phase I Environmental Scope Engagement Letter
 - Marshall Environmental Limited Phase II Scope Engagement Letter
 - Phase I Environmental Report from Lochner
 - Phase II Limited Environmental Report from Marshall
 - Phase II Limited Environmental Procurement Documentation and Offers
 - Complete Environmental Assessment for Land Acquisition Redevelopment Project
- Interviewed key personnel in accounting and procurement
 - Reviewed CDBG-DR transactions up to June 30, 2015

It should be recognized that controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that procedures are performed in accordance with management's intentions. There are inherent limitations that should be recognized in considering the potential effectiveness of any system of controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes in judgment, carelessness, or other personal factors. Control procedures can be circumvented intentionally by management with respect to the execution and recording of transactions, or with respect to the estimates and judgments required in the processing of data.

Further, the projection of any evaluation of control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, and that the degree of compliance with procedures may deteriorate.

Overview of Issues

During the course of our work, we discussed our findings with management. Our detailed findings and recommendations for improving controls and operations are described in the detailed issue matrix in Section II of this report. A separate listing of general enhancement opportunities not considered to be findings is described in section III of this report.

A summary of key issues is provided below along with the following information:

- Relative Risk is an evaluation of the severity of the concern and the potential impact on the operations. Items rated as "High" are considered to be of immediate concern

and could cause significant operational issues if not addressed in a timely manner. Items rated as "Moderate" may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible. Items rated as "Low" could escalate into operational issues, but can be addressed through the normal course of conducting business.

- Resolution Level of Difficulty is an evaluation of the estimated level of difficulty and potential cost to resolve the concern based on our experience. Items rated as "High" are considered to be difficult to resolve and/or will require a significant amount of planning and management involvement/oversight in order to obtain resolution. Items rated as "Moderate" are not as difficult to resolve and/or do not require a significant amount of planning, but may be time-consuming to resolve. Items rated as "Low" are items that are not complex and/or do not require significant amounts of planning and time to resolve.

Summary of Results			
Issue Description	Page	Relative Risk	Resolution Level of Difficulty
2015-9-11 Compliance with CDBG-DR income requirements		Low	Low
2015-9-11 Unclear justification for final administrative settlement offer for land acquisition		High	Low
2015-9-11 Unclear rationale and timing for Phase II Environmental award		High	High
2015-9-11 Year-end payment cutoff		Low	Low
2015-9-11 Poor documentation for small purchase procurement procedure		Low	Low

Conclusion

Audit ratings, as defined below, were assigned based on the identification of the key findings summarized above, as well as other less significant comments that can be addressed by management in the normal course of business.

Ratings	Conditions
Satisfactory	No significant issues noted. Controls are considered adequate and findings, if any, are not significant to the overall unit.
Needs Improvement	Some improvement is needed to bring the function to satisfactory status. If the deficiency continues without attention, it could lead to further deterioration and an unsatisfactory status.
Unsatisfactory	Significant deficiencies exist which could lead to financial loss or embarrassment to the City.

The following is a summary of the assigned rating for each function:

Ratings	Conditions
Internal Controls	Needs Improvement
Program Design	Satisfactory
Transaction Function	Needs Improvement

II. Observations and Recommendations

Internal Controls – Design Deficiencies

Observation	Recommendation
<p>1. Current projects do not demonstrate compliance with HUD income requirements.</p>	
<p>We observed the majority of the City’s infrastructure and housing projects both in development and underway serve a population in census tracts with a low-to-moderate income (LMI) percentage below 50%.</p>	<p>We recommend the City devise a strategy to bring the cumulative total for dollars spent on LMI beneficiaries to 50% of total grant excluding planning and administrative.</p> <p>The Kings Manor Street Repair project qualifies as LMI area benefit using 2000 census data (in compliance with Notice CPD-15-05) accounts for \$3.1 million of the full \$52.2 million grant toward LMI beneficiaries. Subtracting the 20% cap for admin and planning, the City must allocate another \$17.78 million toward LMI beneficiaries.</p> <p>The City forecasts the Redevelopment Project will build 179 LMI units and 314 market rate units; an equation that represents 36.3% of housing construction costs toward LMI.</p>
<p>Management Response: The City’s overall LMI strategy consists of five distinct strategies:</p> <ol style="list-style-type: none"> 1. Infrastructure in LMA areas. Five LMA projects currently budgeted at \$12,027,628 are at various points in the process. The projects are: Kings Manor Street Repair; Little River Park Sewer Interceptor; North Telephone Road Resurfacing; South Telephone Road Resurfacing and Little River Channel 2. Housing Rehabilitation: Launched in July 2015, the program is expected to assist at least three LMI households with a total of less than \$250,000 3. Public Facilities: Two LMA projects are scheduled for bidding in the first or second quarter of 2016. The two projects are budgeted at \$2 million 4. Royal Rock Redevelopment: Closing on the land is expected to occur in the fourth quarter of 2015. The project will contain 51% LMI units. Current budgets for the project indicate a CDBG-DR investment of \$13 to \$16 million 5. DPA Program: Design has begun on a DPA program to address the large number of tornado created vacant lots east of I-35. Budget is projected to be between \$1.5 and \$2.5 million <p>The current realm of projects in process or proposed is between \$28 and \$32 million, or between 69% and 75% of the total allocation less admin and planning.</p>	

Transaction Function – Allowability of Transactions

Observation	Recommendation
2. Documentation of justification for final administrative settlement offer for land acquisition should be included in the file.	
We observed that the Redevelopment Project land acquisition deal for the approximately 14 acres of land, formerly known as the Royal Rock Mobile Home Park, was made with the City Council’s approval for a dollar value higher than the value appraised by the City.	Management informed us that the final purchase price was a settlement based on consideration of competing appraisal values from the Seller and the Purchaser, and a dispute over whether or not the land to be purchased was a “developed” piece of property. We recommend the City add a memo to the file with full rationale and justification for the final purchase price.
Management Response: An Administrative Settlement Letter was completed in May 2015 and is on file. The letter is attached.	

Observation	Recommendation
<p>3. Procurement documentation for Phase II limited Environmental is unclear on rationale for award and timing of award.</p>	
<p>We observed procurement documentation for the Phase II limited Environmental vendor followed procedure for small purchase procurement which allows for a verbal description of the project scope and request for proposals. However, documentation does not adequately demonstrate the timeline from the time of request to the time of award. Furthermore, one vendor and sub-contractor team submitted an unattached two-part proposal, each bearing their individual logo, that appeared in the file to be two separate bids each at a price lower than the awarded vendor.</p> <p>We also observed similarities in font, format and content style between the proposal for the Phase I awarded vendor and the proposal of the Phase II awarded vendor. The last paragraph of both proposals lists an identical phone number for a company point of contact that is registered to the vendor awarded the Phase I contract.</p>	<p>Management informed us the two lowest bids we found in the file were in fact supposed to be one lumped proposal, which together accumulated to a total proposed value higher than the proposal of the awarded vendor.</p> <p>We recommend the City add a memo to the file with clear rationale for the award and timing of award.</p>
<p>Management Response: A Memo to the file has been added.</p>	

Observation	Recommendation
4. Recording timing of payments.	
We observed that a transaction for payment to the engineering firm performing services for the storm water drainage project appeared in the ledger on 6/30/15, but was not actually posted until 7/31/15, and cleared on 8/5/15.	We recommend the City evaluate and implement monthly cut-off procedures.
Management Response: The City is currently evaluating the procedures and implement the new procedures moving forward. We will have the internal auditor review the new procedure before implementing.	

Observation	Recommendation
5. Poor documentation for small purchase procurement.	
<p>We observed the procurement of web design services vendor followed procedure for small purchase procurement which allows for a verbal description of the project scope and request for proposals. Pricing in returned proposals varied significantly with the awarded vendor's pricing based on hourly rate and other proposals based on deliverable-based units.</p>	<p>We recommend the City add a memo to the file clarifying the scope of services requested. We also recommend the scope of services for all small purchase contracts be documented and included in the file moving forward.</p>
<p>Management Response: A memo has been added to the file. The City is evaluating our small purchase procedure, we will follow recommendations.</p>	

Administrative Settlement: Royal Park Site Acquisition

Project: Royal Park Site Acquisition

Location: South Janeway Avenue at SW 17th Street, Moore, Oklahoma

In accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, this written justification has been prepared to support the City of Moore, Oklahoma's agreement to purchase the above referenced property

Background

The Royal Park property, located north of S.W. 19th Street and west of South Telephone Road in Moore, Oklahoma was directly impacted by the May 30th, 2013 F5 tornado ("the event")

*"Tornado damage in multifamily housing developments was concentrated in Census Tracts 2022.06 and 2021.05. In total, two multifamily developments comprising 357 units sustained major damage. In addition, 53 "for rent" mobile homes were either damaged or destroyed and 90 duplexes were damaged or destroyed. Subsequent to the storm, all 90 duplexes were demolished and the mobile home operator shut down the 179 unit mobile home park."*¹

At the time of the event, the 269 units in the two developments, along with 571 units of HUD subsidized and LIHTC units comprised all of the affordable multifamily units for low income households in Moore. Thus, the events' impact was to destroy, or cause to be destroyed, 32% of the available affordable multifamily housing in Moore².

The owner of Royal Park, the mobile home park, closed the park and demolished all 179 units of housing. The owner of the duplexes sold the property to a development group which subsequently demolished the duplexes and is currently constructing market rate duplexes and fourplexes on the site.

¹ Moore Disaster Recovery Plan, page 31; March 20, 2014

² Moore Disaster Recovery Plan, page 32; March 20, 2014

Royal Park and the duplexes were both predominately Low Moderate Income (LMI) at the time of the event.

Proposed Use

The City of Moore proposes the redevelopment of the 14.44 acre site known as the Royal Park property as a mixed use (retail/office/housing), mixed income village. The actual design will be determined by a master planning process and is expected to utilize a form based code.

The site has a number of unique qualities:

1. The site took a direct hit from the F5 tornado;
2. The site is located at the edge of an area of rapid retail growth along 19th Street;
3. The site is in a Low Moderate Income Area;
4. The site will be connected to a greenway and park system at Tom Strouhal Little River Park providing residents with access to recreational facilities;
5. The site is within walking distance to Plaza Towers Elementary school (.08 miles)

Cost Reasonableness

The City has completed the following steps in determining the just compensation for the Royal Park property:

In March 2014 the owner submitted an appraisal by Hinkel and Associates³ which valued the property at \$5,615,000 on the assumption the highest and best use would be commercial. The property was zoned R-4 high density residential at the time of the appraisal.

In November 2014 an appraisal was completed for the City by Stacey and Associates⁴ which provided the value of the land as \$1,450,000. The appraised value disregarded the cost of removing utility service lines and buildings serving the former mobile home park, and did not account for proposed road

³ Appraisal Report of Two Parcels of Land North of SW 19th and West of Telephone Road; March 28th, 2014; Hinkel & Associates, 7814 NW 94th St., Suite A, Oklahoma City, Oklahoma 73162

⁴ REDEVELOPMENT TRACT CONSISTING OF FIVE CO-LOCATED AND CONTIGUOUS PARCELS FORMERLY PLATTED AS PARTS OF THE ROYALPARK-MOORE #1 AND #2 ADDITIONS; Stacey and Associates, 512 Northcreek Drive • Edmond, Oklahoma 73034 • 405.314.9871; November 14th, 2014

improvements. During the environmental process a determination was made that a single building contained asbestos and would incur approximately \$70,000 in mitigation costs to remove.

In December 2014, Isaacs & Associates reviewed the Stacey and Associates appraisal and determined the Stacey and Associates appraisal should be rejected based on two deficiencies in the original assumptions:

1. The owner assumed a zoning change to commercial; and
2. The owner assumed street additions and improvements which would make the property more attractive as a commercial property⁵

In February 2015 Isaacs & Associates provided a revised appraisal correcting the deficiencies and determined the value of the property as \$2,485,000⁶ for the use proposed by the City

On March 20th, 2015, the City submitted an offer to the owner of \$2,485,000. The offer was rejected.

On March 30th, 2015 the Moore City Council increased the offer twenty-five percent (25%) on the property to \$3,106,250.

During April the City prepared the initial Administrative Settlement as required by Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.

On May 6th, 2015, the City submitted an offer to the owner of \$3,106,250. The owner countered with a request the buyer pay the seller's brokerage fees of \$139,781, raising the total purchase amount to \$3,246,031.

On June 1st, 2015 City Council approved a counter offer of \$3,246,031

⁵ Isaacs & Associates Review Appraisal; December 2014: Isaacs & Associates - 2919 NW 122nd Street, Suite E - Oklahoma City, OK 73120 Off: (405) 235-3200; Page 8 Comments

<https://www.dropbox.com/sh/g4fx3wkwf1qq3xz4/AACFTMjOnN3WH7D-QKbgXe8Aa?d>

⁶ Isaacs & Associates Appraisal; February 2015: Isaacs & Associates - 2919 NW 122nd Street, Suite E - Oklahoma City, OK 73120 Off: (405) 235-3200; <https://www.dropbox.com/sh/g4fx3wkwf1qq3xz4/AACFTMjOnN3WH7D-QKbgXe8Aa?d>

The City recognizes an increased offer on the property must meet the OMB A-87 standards for Cost reasonableness for this type of purchase.

Justification:

Under the requirements of the OMB A-87 standards the City is required to address the following:

(a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the Federal award,

(b) The restraints or requirements imposed by such factors as: sound business practices; arm's length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award,

(c) Market prices for comparable goods or services,

(d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government,

(e) Significant deviations from the established practices of the governmental unit which may unjustifiably increase the Federal award's cost.

The City's analysis and justification for the increase in just compensation contains four elements:

1. Market price differential between current zoning and proposed zoning

Both the City and the current owner propose changes to the zoning of the property. The owner proposes a commercial use, while the City proposes a mixed use of retail, low income housing and market rate housing utilizing a form based code. The City's objective is to replace at least 179 units of housing affordable to families at or below 80% of AMI. The owner's objective is to sell the property at the highest market price by having the property rezoned to a commercial use.

A market rate multifamily housing development known as Thirty-Five West has been constructed on vacant land adjacent to the Royal Park site since the event. Thirty-Five West consists of 314 market rate units in several one bedroom and two bedroom configurations. The market rate units at Thirty-five West range in rent from \$838 for a one bedroom, one bath to \$1,400 for a two bedroom, two bath⁷, compared to the 2015 Fair Market Rents of \$584 for a one bedroom unit and \$748 for a two bedroom

⁷ Apartment Guide: Accessed 4/19/2015: <http://www.apartmentguide.com/apartments/Oklahoma/Moore/Thirty-Five-West-Apartments/100023369/>

unit⁸. The Thirty-five West units represent the closest comparative multifamily property to the Royal Park site. Royal Park is currently zoned R-4, high density residential.

The City recognizes that the highest and best use under current zoning coupled with the demand and income stream for market rate housing is well in excess of the value of the property as a mixed use, mixed income property. The proposed 179 affordable units would generate \$1,553,863 of income annually in a configuration of 85% two bedroom and 15% one bedroom, while 179 market rate units would generate \$2,826,123 for the same configuration. Since income drives the ability to pay debt, the differential of \$1,272,260 annually represents a significant barrier for the City to overcome to generate replacement affordable rental units.

As noted in the review appraisal⁹, the differential between the market cost per square foot of commercial property (\$7.50 a square foot) and multifamily residential property (\$3.95 a square foot) is also significant. The market value of the 14.44 acres at the residential rate is \$2,484,575, while the market value at the commercial rate is \$4,717,548. The differential of \$2,232,973 represents a significant barrier to the City's plans to redevelop the site.

2. Need for affordable housing for households at or below 80% of AMI

The loss of affordable units due to the event represents a loss of 32% of the known affordable multifamily housing within the City. The loss hurts the City's economic base by increasing the difficulty of the City's retail and other employment sectors to recruit and retain employees. In addition, the lack of availability of affordable housing decreases the overall depth and diversity of the City's workforce. Many employees in the retail, construction and service sectors must currently commute from surrounding communities (predominately southeastern Oklahoma City). The City envisions the Royal Park project as a methodology to insure long term workforce housing to support the service, retail and construction industries in the City.

⁸ 2015 Fair Market Rents, Oklahoma City MSA; Accessed 4/16/2015
http://www.huduser.org/portal/datasets/fmr/fmr_il_history/data_summary.odn

⁹ Isaacs & Associates Review Appraisal; December 2014: Isaacs & Associates - 2919 NW 122nd Street, Suite E - Oklahoma City, OK 73120 Off: (405) 235-3200; Page 8 Comments
<https://www.dropbox.com/sh/g4fx3wkw1qq3xz4/AACFTMjOnN3WH7D-QKbgXe8Aa?d>

3. Availability of comparable properties with similar characteristics, amenities, zoning or ability to achieve zoning;

The City researched potential comparable sites which have similar characteristics, zoning, access to employment and recreational opportunities and other amenities available at the Royal Park site. One potential alternate site is located on SE 4th Street, bounded by S Turner Avenue on the west, Toby Keith Avenue on the east and Armstrong Street on the north. The site is tentatively identified as 323 SE 4th Street. The site is approximately 15 acres and is zoned Urban Residential Low Density. The site also adjoins Moore “Old Town” to the west with a more restrictive zoning of Neighborhood Preservation. The following is a summary of comparative data

TABLE 1: COMPARISON OF PROPERTIES			
Item	Royal Park	323 SE 4th Street	Notes
Disaster Impacted Area	Yes – Destroyed	Yes – Major Damage	
Price	\$3,106,250	\$1, 500,000	
Zoning	High Density Residential	Low Density Residential	
Zoning Change Required	No	Yes	
Schools	Plaza Elementary (0.8 miles)	Moore High School – Highland East Junior High – Platt College	Within a Half-Mile Radius
Medical Facilities	Access Medical Center (1.1 miles) - Moore Medical Center (0.6 miles)	Access Medical Center (2.9 miles) - Moore Medical Center (1.2 miles)	
Public Transportation	None	None	
Public Libraries	Moore Public Library (1.4 miles)	Moore Public Library	Within a Half-Mile Radius
Community Centers	(None)	Moore Community Center – Moore Senior Citizens Center	Within a Half-Mile Radius
Parks	Little River Park- Connected via greenway along Janeway	Central Moore Park – Access is obstructed by grade crossing of the BNSF RR	Within a Half-Mile Radius
Grocery Stores	Aldi – Dollar Tree - Super Target – Walmart Supercenter	Walmart Neighborhood Market - Dollar General	Within a Half-Mile Radius
Pharmacies	Super Target – Walmart Supercenter	CVS	Within a Half-Mile Radius
Food Service	All American Pizza – Carl’s Jr - Chic-Fil-A - Chili’s –Five Guy’s – Jack in the Box – Panda Express - Starbucks- 12	3 mom & pops	Within a Half-Mile Radius

	mom and pops		
Retail	Super Target – Home Depot – Dick’s Sporting Goods – Walmart Supercenter	Dollar General - Walmart Neighborhood Market	Within a Half-Mile Radius

As Table 1 indicates, the Royal Park site has significantly more employment opportunities and is well served by retail, food service, medical and recreational facilities. In contrast the 323 SE 4th Street site has limited retail and food service facilities and has a significant barrier in the grade level crossing which separates the site from medical and recreational facilities

However, the key difficulty in utilizing the SE 4th Street site is the zoning.

The Thirty-Five West Apartments were rezoned from General Commercial and Manufactured Home District to Multi-Family Residential District as a Planned Unit Development on January 6, 2014. The Plaza Terrace Multi-family Project was rezoned from Two-Family dwelling district to General Residential Dwelling District as a Planned Unit Development on March 3, 2014. Both development applications sought to add new quality housing with appropriate amenities to an area that was traditionally lower-income with substandard housing. During the rezoning process, no significant protest from the property owners within ¼ mile (required notification area by Oklahoma State Law) was raised for either of these applications. In staff review of both applications, it was noted that this area has historically developed as higher density than other locations in Moore and with the significant public and private reinvestment into the area after the event after past disinvestment in quality housing. These arguments, in addition to the lack of citizen protest and included amenities within the Planned Unit Development, garnered Planning Commission and City Council support for the projects.

Conversely, the area located generally at SE 4th Street (SH37) and Toby Keith Avenue is a ‘virgin’ parcel of undeveloped property located in close proximity to Moore’s traditional downtown area, Old Town. Although the site enjoys access to major thoroughfares and public utilities and was shown in the City’s Comprehensive Plan as General Commercial land use, past rezoning attempts have failed, due in large part to citizen protest. On August, 2003, a rezoning application was filed by ERC, a national multi-family residential development company, to rezone approximately 15 acres from Rural Agricultural District to Multi-family Residential as a Planned Unit Development for a 200-unit apartment complex. Ultimately

this rezoning application was withdrawn from consideration at the Planning Commission level because of the significant citizen outcry that resulted from the property owner notification process. The opposition to the project centered around the citizen’s perceptions of a multi-family housing project being too dense for the area.

Another multi-family housing project that was withdrawn due to citizen protests occurred just south of the ERC site, being located approximately ¼ mile south of SE 4th Street (SH37) and Eastern Avenue. This application sought to rezone approximately 9 acres from Office District to Multi-Family Residential District as a Planned Unit Development. In review of this application, staff noted that the site had good access to a major thoroughfare and access to public utilities. Although the majority of the surrounding area was low-density residential in nature, it was surrounded on the north and south by commercial developments. This application was denied by the City Council on February 18, 2014 due to significant citizen protest focusing on the incompatibility of the higher-density application to the surrounding lower-density residential neighborhoods.

These past multi-family rezoning applications underline the point that location *does* matter when considering multi-family projects in a suburban community dominated by low-density residential land use. The ideal location should be within neighborhoods that have already experienced higher density multi-family housing projects and in areas that are highly commercialized (also supported by the City’s Comprehensive Plan, Moore Vision 20/20).

4. Program requirements, public benefit, and terms and conditions of the Federal award:

The CDBG-DR grant under which this project is proposed requires all activities be complete prior to September 2019. Assuming a start date of May 1, 2015, the typical timeframe for specific activities includes:

TABLE 2: SCHEDULE OF EVENTS			
Activity	Months Required	Royal Park	SE 4th Street
Environmental Review	3	Complete	July 1, 2015
Master Plan Procurement: (Not applicable to 4 th street)	1	In Progress	-----
Master Plan Start (Not applicable to 4 th street)	12	May 1 2016	-----
Zoning Change: (Not applicable to Royal Park)	4	----	November 1, 2015

Master Plan Complete	-----	April 1, 2016	----
RFP for Developer	3	July 1, 2016	February 1, 2016
Construction Complete	24	August 1, 2018	March 1, 2018
Lease-up	6	February 1, 2019	September 1, 2018
GRANT EXPIRATION DATE	----	September 1, 2019	September 1, 2019
TOTAL TIME ELAPSED		3 Years 10 months	3 Years 4 months

As Table 2 indicates, the amount of time needed to restart the entire process does not preclude a restart on SE 4th Street given the Grant expiration date. The two projects require different approaches which gives a six month edge to redevelopment of the SE 4th Street site. As noted previously, the City is most concerned by a potential failure to obtain the required zoning at the 4th Street site.

Payment of Seller’s Broker Fees:

The City and the seller are entering into a voluntary transaction under 49 CFR 24.101(b)(1), which permits the seller and buyer to determine who pays the broker’s commission.

Oklahoma State Real Estate law is silent on the payment of broker’s fees.

The broker’s fee represents 4.5% of the proposed acquisition cost. The City consulted with other commercial real estate professionals who serve this area and determined that the 4.5% broker’s fee is reasonable and customary for this type of commercial transaction.

The Community Development Block Grant program has the following objectives:

The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses¹⁰

The proposed redevelopment of the Royal Park site meets each of the objectives of the CDBG program. The project would replace substandard mobile homes damaged or destroyed by the event with modern, energy efficient, resilient housing targeted at low income households. The new housing would complement the current density in the community, while the alternative site would place the new units

¹⁰ HUD: Community Development Block Grant Program;
http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs

in a primarily low density residential community. The project would assist the most vulnerable populations in Moore by providing decent, safe, affordable housing with access to schools, recreational facilities, medical services and shopping within a half to one mile radius of the site.

The project would create workforce housing in close proximity to a newly constructed commercial area. The project encourages workforce stabilization which both promotes job creation and encourages job retention within the City.

For these reasons, the City believes the proposed project is a prudent investment of CDBG Disaster Recovery funds with long term benefits to the community and its vulnerable populations.