

Review Committee Role

Statutory Review Committee
May 16, 2023

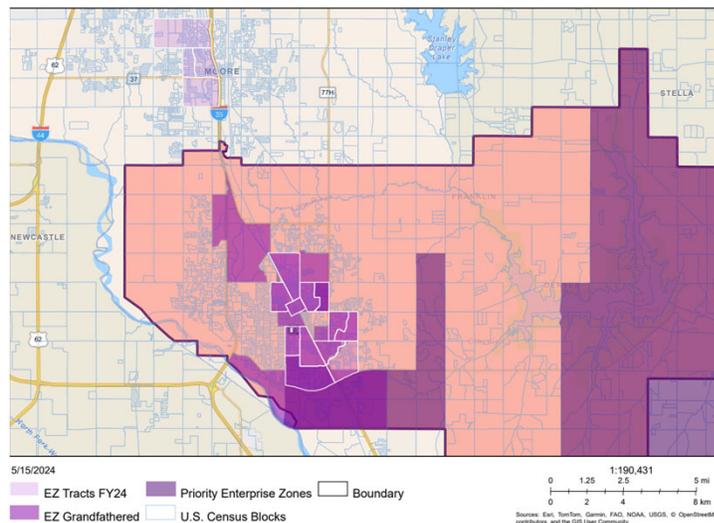
Role of Review Committee

- Make findings and recommendations to Council on:
 - Conditions establishing the eligibility of the proposed district
 - Whether the proposed plan and project will have a financial impact on any taxing jurisdiction and business activities within the proposed district
 - Must include analysis used to project revenues over the life of the project plan, the effect on the taxing entities and the appropriateness of the approval of the proposed plan and project
- Review Committee may recommend the project plan be approved, denied or approved subject to conditions set forth by the committee
- If Council changes the area to be included in the proposed district or any substantial changes in the proposed plan and project, the review committee must review it again and may modify its findings and recommendations

Eligibility of the District

- Must be a reinvestment area, a historic preservation area and/or an enterprise area (62 O.S. 856)
- “The Legislature hereby finds that historic preservation, reinvestment or enterprise areas as defined under this act are unproductive, undeveloped, underdeveloped or blighted areas pursuant to subsection C of Section 61 of Article X of the Oklahoma Constitution.” (62 O.S. 851)
- Map showing eligibility is included in the Project Plan as Exhibit B

Eligibility of the District



Impact on Business Activities

The Project is anticipated to increase business activity within the Increment Districts and Project Area by adding new businesses and residences. Measuring the specific impacts of the Project on business activities and the greater community is more difficult. An economic analysis commissioned by the Norman Economic Development Coalition and conducted by the Oklahoma Department of Commerce indicates that the Project will generate over 4,600 jobs and contribute over \$350 million per year to the state's Gross Domestic Product ("GDP") once the Project has been completed, and those figures would increase to upwards of 6,600 jobs and \$454 million in annual GDP during peak construction years. The Department of Commerce report indicates that job growth and GDP effects will not be limited to the City and will be seen in surrounding communities and the state as a whole. A copy of the Department of Commerce's report is attached to this Project Plan as Exhibit E.

Impact on Business Activities

Another report commissioned by the Cleveland County Industrial Development Authority and performed by Hunden Partners includes an analysis of the Project's market demand, feasibility, and economic impacts. Hunden Partners' report estimates a little over 1,000 direct jobs and approximately 800 additional indirectly-generated or induced jobs, all of which bring with it approximately \$1.8 billion in net new earnings over a 25-year period. In addition to employment impacts and related earnings, the Hunden Report also looked at net new consumer spending that the Project might generate, and concluded that direct, indirect, and induced new spending from the Project in Cleveland County as a whole would total over \$4.5 billion over 25 years. Hunden estimates that 17% of the direct on-site sales on the Project would be net new in Cleveland County, and most of that will be from recaptured spending that currently occurs in Oklahoma County. Hunden also estimates that 78% of new office tenants and 14% of the new prospective residents who will lease the residences proposed as part of the Project will be new to the County. A copy of the Hunden Partners report is attached to this Project Plan as Exhibit F.

Impact on Taxing Jurisdictions - NPS

Norman Public Schools may experience growth in enrollment as a result of the Project's employment, new residences, and the ancillary economic impacts from the Project. The financial impacts of this enrollment growth may be mitigated by the fact that only 14% of the proposed residents in the residential components of the Project will be new to Cleveland County (according to the Hunden report). Depending on from where in Cleveland County the other 86% of the new residents will be relocating, the overall growth levels may be minimal or significant. The table below shows estimated scenarios for new enrollment and corresponding new/increased State School Aid in Year 10 of the Project (i.e., upon Project buildout and stabilization), based on how many new residents may relocate to the Project from within or outside of Norman Public Schools' jurisdiction:¹

Year 10:	14% Residents New to NPS²	25% Residents New to NPS³	40% Residents New to NPS⁴
– <i>New Enrollment</i>	95	171	273
– <i>Foundation Aid</i>	\$237,562	\$424,218	\$678,749
– <i>Transportation Aid</i>	\$2,734	\$4,882	\$7,811
– <i>Salary Incentive Aid</i>	\$232,712	\$415,558	\$664,892

Norman Public Schools should anticipate an increase in non-sinking fund ad valorem tax revenue of approximately \$7,900,000 annually upon termination of Increment District No. 5. Assuming no major changes in the Oklahoma State School Aid formula and no major shifts in Norman Public Schools' ratio of ad valorem valuation to student population at that time, the State Aid formula will offset approximately 79% of that new non-sinking fund ad valorem tax revenue, resulting in a net increase of non-sinking fund revenue to the school district of approximately \$1,680,000 annually.

Impact on Taxing Jurisdictions – County

A demand for increased services from Cleveland County is anticipated to result from the Project. Projections show new ad valorem tax revenue to the County upon completion of the Project and expiration of Increment District No. 5 of approximately \$1,900,000 annually. Additional ad valorem and sales tax revenues for the County may be generated by increased consumer spending and GDP growth anticipated to be observed within Cleveland County due to the Project.

Impact on Taxing Jurisdictions – County Health

Demand for increased services from the Cleveland County Health Department (“CCHD”) anticipated to result from the Project are not quantifiable at present, but some may be anticipated. Projections show that CCHD should anticipate receiving additional operational ad valorem revenue annually approximating \$495,000 upon termination of Increment District No. 5, not including any ad valorem tax revenue growth from new residential and commercial construction that will occur outside of the Project but within CCHD’s jurisdiction as a result of increased GDP experienced in the County.

Impact on Taxing Jurisdictions – Moore-Norman Technology Center

Demand for increased services from Moore Norman Technology Center (“MNTC”) anticipated to result from the Project are not quantifiable at present, but some may be anticipated. Opportunities for complementary job training programs (including, but not limited to construction-related trades) may be utilized through the public and private construction projects anticipated. In addition, MNTC should anticipate receiving approximately \$2,900,000 in non-sinking fund ad valorem tax revenue annually upon Increment District No. 5’s termination, not including any ad valorem revenue growth from new residential and commercial construction that will occur outside of the Project as a result of increased GDP experienced in MNTC’s jurisdiction

Impact on Taxing Jurisdictions – Pioneer Library Systems

Demand for increased services from Pioneer Multi-County Library System (“Pioneer Library”) anticipated to result from the Project are not quantifiable at present, but some may be anticipated. Pioneer Library should anticipate receiving approximately \$1,100,000 in non-sinking fund ad valorem tax revenue annually upon Increment District No. 5’s termination, not including any ad valorem revenue growth from new residential and commercial construction that will occur outside of the Project as a result of increased GDP experienced in Pioneer Library’s jurisdiction.

Impact on Taxing Jurisdictions - City

The Project likely has the largest impacts on the City. As stated in Section VI(B) herein, the Sales Tax Increment is 3% of the City’s sales tax revenue, which includes only the non-dedicated (General Fund) and Capital Improvement portions of the City’s sales tax rate. The City’s sales tax projections show over \$32 million in City sales taxes generated over the life of Increment District No. 4 that will not be increment—\$23.2 million to the City’s Public Safety fund, \$3.3 million to Norman Forward funds, and \$5.8 million to the City’s Public Transit fund. The hotel component of the Project is also anticipated to generate \$8 million in hotel occupancy taxes to the City over the 25-year life of Increment District No. 4, which will not be apportioned as increment.

Impact on Taxing Jurisdictions - City

The Hunden Partners report indicates that 17% of the retail anticipated to be generated by the Project will be net new to Cleveland County. It is unknown at this time how much additional retail activity will result from activity new to the City from other locations within Cleveland County, though it is worth noting that, aside from the retail sales from the Lloyd Noble Center that would take place instead at the new arena, the concept provided for the Project indicates that nearly all of the retail is anticipated to be small-scale stores and entertainment businesses, not major retail outlets. The Project's developer or its affiliate also owns a significant portion of the University North Park shopping center immediately to the south of the Project and has a strong incentive to avoid cannibalization from or relocation of existing retailers.

Impact on Taxing Jurisdictions - City

It is anticipated that additional sales tax revenues outside of the Project Area will be generated because of the Project due to the increased gross domestic product, consumer spending, and local earnings from the Project. The Hunden Partners report and the Department of Commerce report do not quantify those indirect impacts, however.

Upon completion, the City will become responsible for maintenance of all new public infrastructure and improvements anticipated to be constructed by the Project, in addition to providing police, fire, parks, and other general municipal services to serve the Project. It is anticipated that the arena will operate independently of the City, with no direct revenue or expense impacts on City operational funds.