



**CITY OF NORMAN, OK
DEVELOPMENT OVERSIGHT COMMITTEE FOR TIF
DISTRICT NO. 2 MEETING**

**Municipal Building, Executive Conference Room, 201 West Gray, Norman,
OK 73069**

Tuesday, May 07, 2024 at 1:30 PM

AGENDA

It is the policy of the City of Norman that no person or groups of persons shall on the grounds of race, color, religion, ancestry, national origin, age, place of birth, sex, sexual orientation, gender identity or expression, familial status, marital status, including marriage to a person of the same sex, disability, relation, or genetic information, be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in employment activities or in all programs, services, or activities administered by the City, its recipients, sub-recipients, and contractors. In the event of any comments, complaints, modifications, accommodations, alternative formats, and auxiliary aids and services regarding accessibility or inclusion, please contact the ADA Technician at 405-366-5424, Relay Service: 711. To better serve you, five (5) business days' advance notice is preferred.

ROLL CALL

DISCUSSION ITEMS

1. DISCUSSION OF PROPOSED ROCK CREEK ENTERTAINMENT DISTRICT TIF

ADJOURNMENT

Oklahoma Department of Commerce

Economic Impact of Norman TIF District

Research and Economic Analysis Division

Aldwyn Sappleton and Jon Chiappe
4-3-2024



Economic Impact Methodology Summary

This report is based on estimates from key stakeholders that have provided building and operations costs of facilities included in the OU Foundation plan (See Appendix 2), along with proposed Norman Economic Development Coalition (NEDC) developments that have provided some level of commitment should the tax increment finance (TIF) area (see appendix 1) and arena be approved. The NEDC development primarily consist of a restaurant, a recreational/entertainment facility and a Weather Museum. The impact result reflects how each development has a staggered timeline that may not span the full life of the TIF. The National Weather Museum is a great example of an operation that was estimated to only capture 13 to 15 years of payments during the TIF. However, the impacts do span further outside timeline of the TIF. The estimate on the operations involved significant planning and adjustments to primarily include projects or operations that have a strong chance of meeting the proposed timelines in the development. Some operations did not have sales estimates but did have property tax calculations due to lack of scaling details. In this report there were no additional estimates on likely personal property that should be purchased to furnish and facilitate business operations within the proposed operations. Property values are estimated to increase 3% each year but are heavily offset by a depreciation schedule plus NPV discount rates to factor the time-value of money or cost of capital. A similar 3% growth was assumed for sales tax in the larger sales scenarios, but the discount rate fully covers that increase with an additional dampening effect evident in the net present value calculations.

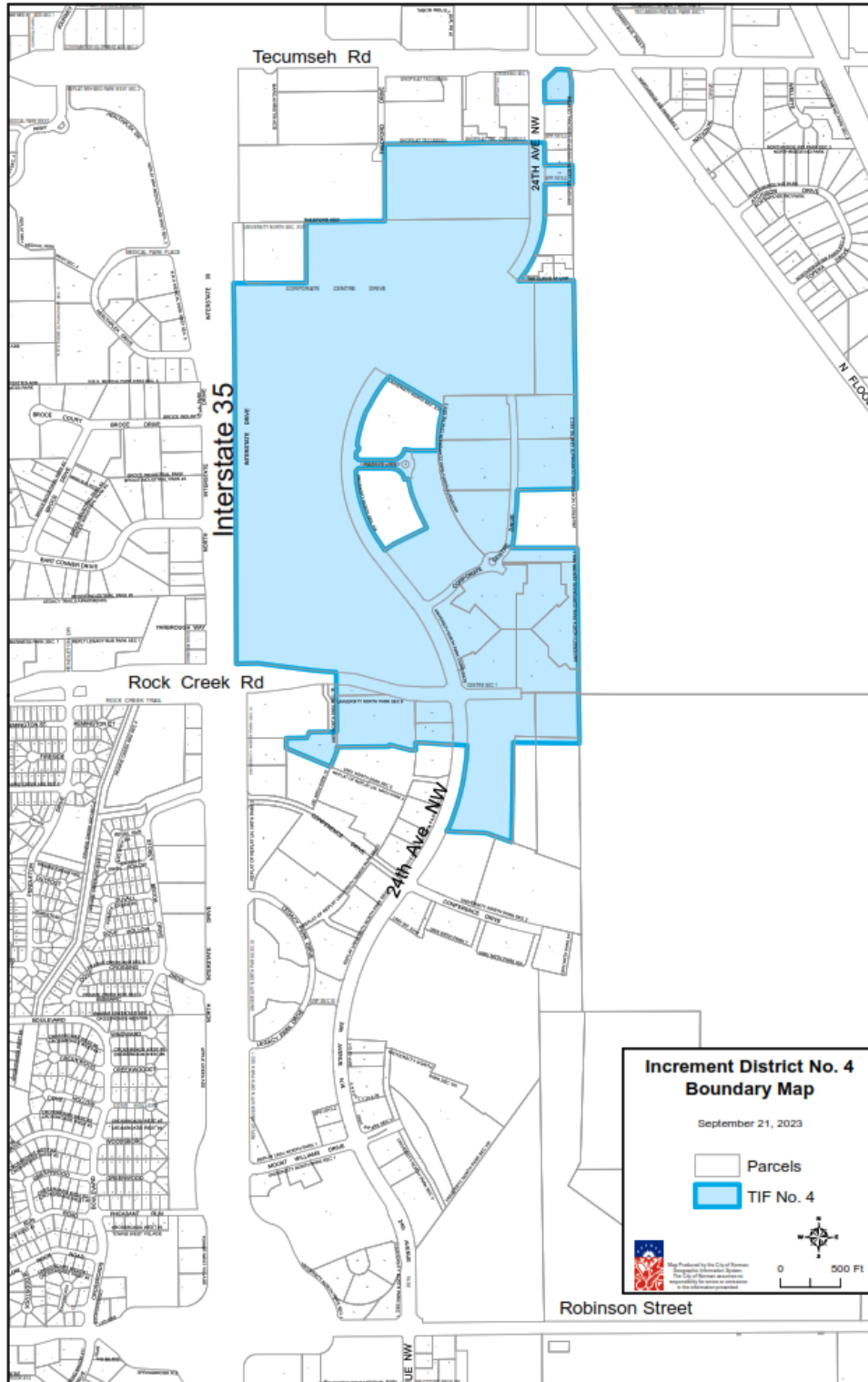
The key figures for employment and GDP were generated using the REMI PI+ economic impact modeling tool. This tool is a dynamic policy model that takes into consideration cannibalization, business cycle, inflation and other regional and national factors. The GDP dollars communicated are in 2012 chained dollars, but inputs were pegged to 2022 dollar value. This economic impact report also considers the construction activities proposed in the overall TIF development (see appendix 1). Construction impacts are temporary in nature and will fade away shortly after construction activities have ended and workers move on to other geographies and/or projects. This report will look at employment, wages and GDP sales generated by the construction, and ongoing operation of businesses proposed by OU Foundation developers and the three NEDC prospects. Economic impacts are primarily influenced by three categories: direct, induced and indirect impacts. An analysis of the construction activities and ongoing operations of the University North Park developments (TIF area) yielded strong economic results. The results communicate the combined impacts from direct, indirect and induced activities. The direct impacts are measured by the direct jobs and investment listed by the developers. Those workers directly employed by proposed businesses earn wages that they in turn spend in the local economy (induced impacts from employee wages) to pay for food entertainment, housing and such. Indirect impacts occur when the proposed businesses spend significant dollars at local suppliers like Target, Crest, Home Depot, Lowes and others, on supplies to support their day-to-day operations. The impact results communicate the combined direct, indirect and induced impacts as a result of the proposed operations in the TIF.

The estimates for property taxes and sales taxes are based on the direct estimates of sales or items subjected to sales tax during construction and operations of the facilities proposed to be located in the TIF. Additional developments outside the planned and measured impacts would yield higher results. Also, if the developments do not occur then estimated tax revenue and development costs would be reduced somewhat proportionally depending on the type of business operation. The exclusion of an Arena would have an outsized negative impact on the overall viability of the development.



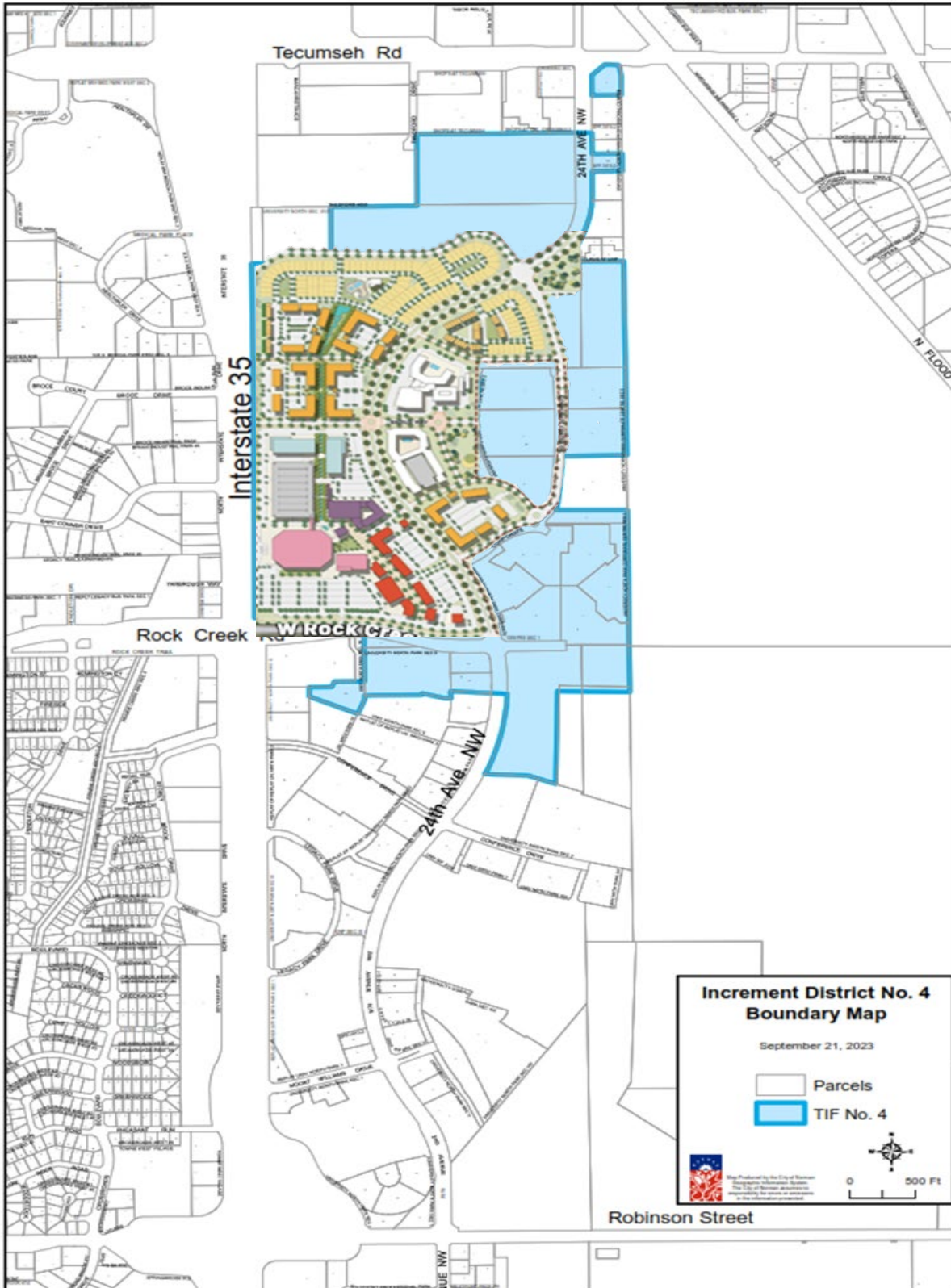
The maps in Appendices 1 and 2 cover the proposed Project Area, but the current economic impact estimates are focused on planned developments within the Project Area.

Appendix 1: Map of proposed TIF District 4.





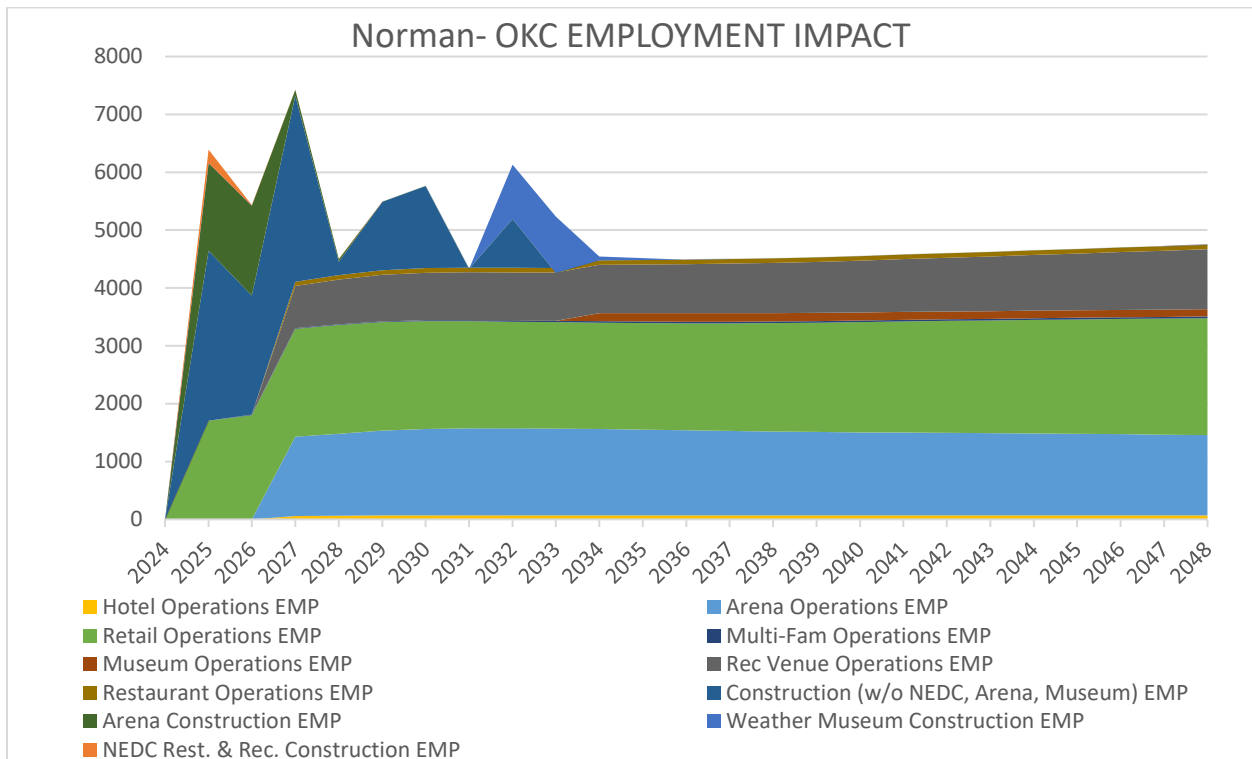
Appendix 2: Map of the OU Foundation Property overlaid onto TIF District 4.



Employment Impacts

Employment impacts are estimated to top well over 7,400 jobs during peak construction periods. Construction without the NEDC projects would reduce the overall jobs impact to over 6,600 jobs. As illustrated in the chart below, those construction activities are temporary in nature and will fade over time, leaving sustained impacts that occur from the day-to-day operations of the proposed businesses in the TIF area. The construction employment increases roughly 8 to 10 years into the TIF based on estimated construction of the weather museum. After temporary construction activities have faded, the jobs impact from the current development plan is estimated to average over 4,600 jobs.

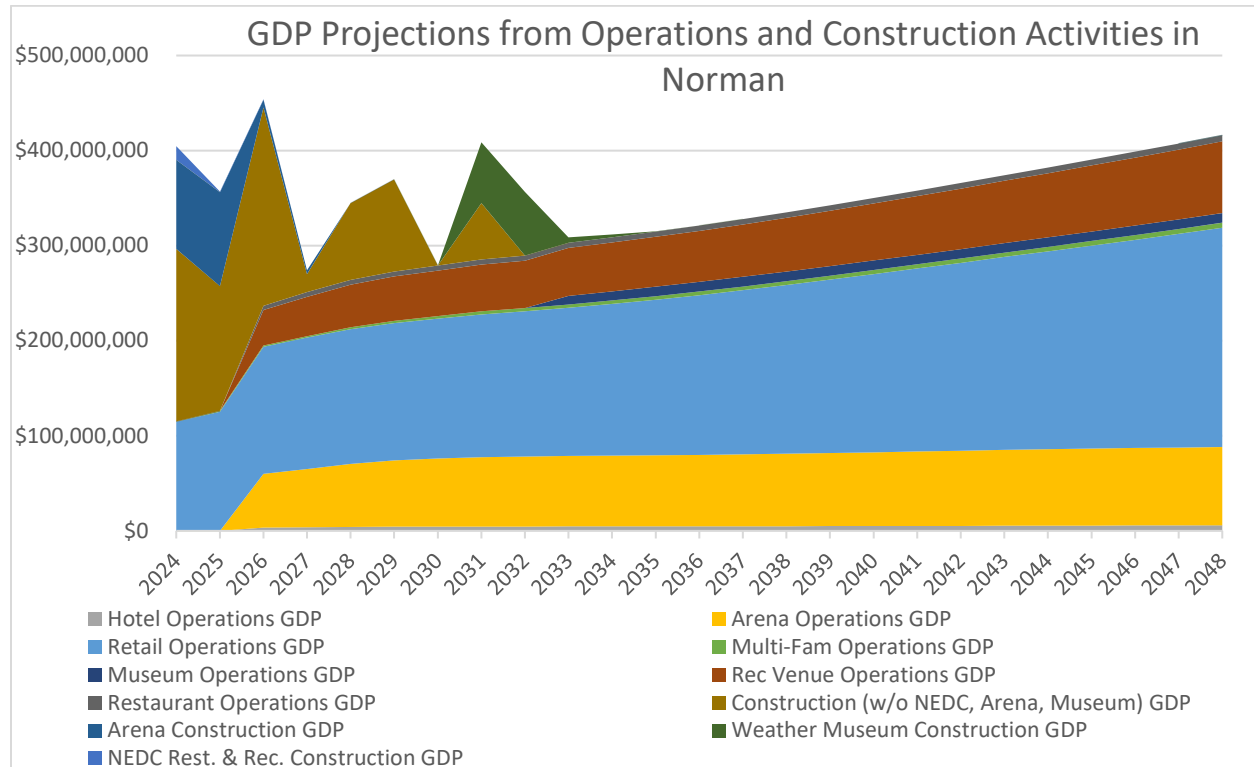
The full scale of jobs growth projected in this impact report will not be limited to Norman; surrounding communities and the state of Oklahoma are poised to be impact with net new overall job growth.





Gross Domestic Product (GDP)

The proposed NEDC and OU Foundation developments are estimated to add significant dollars in the local economy through construction activities and then the on-going operations of the businesses located in the TIF district. As with employment, construction activities are temporary in nature and contribute to significant spikes in the first half of the TIF – as construction fades, the longer-term effects from the day-to-day business will remain. Peak construction shows a high \$454M in GDP added to the local economy. In post construction years that addition to GDP averages over \$350M per year from normal operations.



The impact without the NEDC projects would be roughly \$411M at peak construction and an average of \$285M in GDP in the post construction years of the TIF.



FISCAL IMPACT

Ad Valorem

Total Potential Property Tax

Based on the initial value of the infrastructure planned by OU, NEDC and other developers the estimated property tax on those facilities are expressed in the chart below. The chart is reflective of lower property taxes over time due to depreciated property values. Personal property like machinery and equipment unique to business operations were not included with this analysis.

OU Foundation Valuations

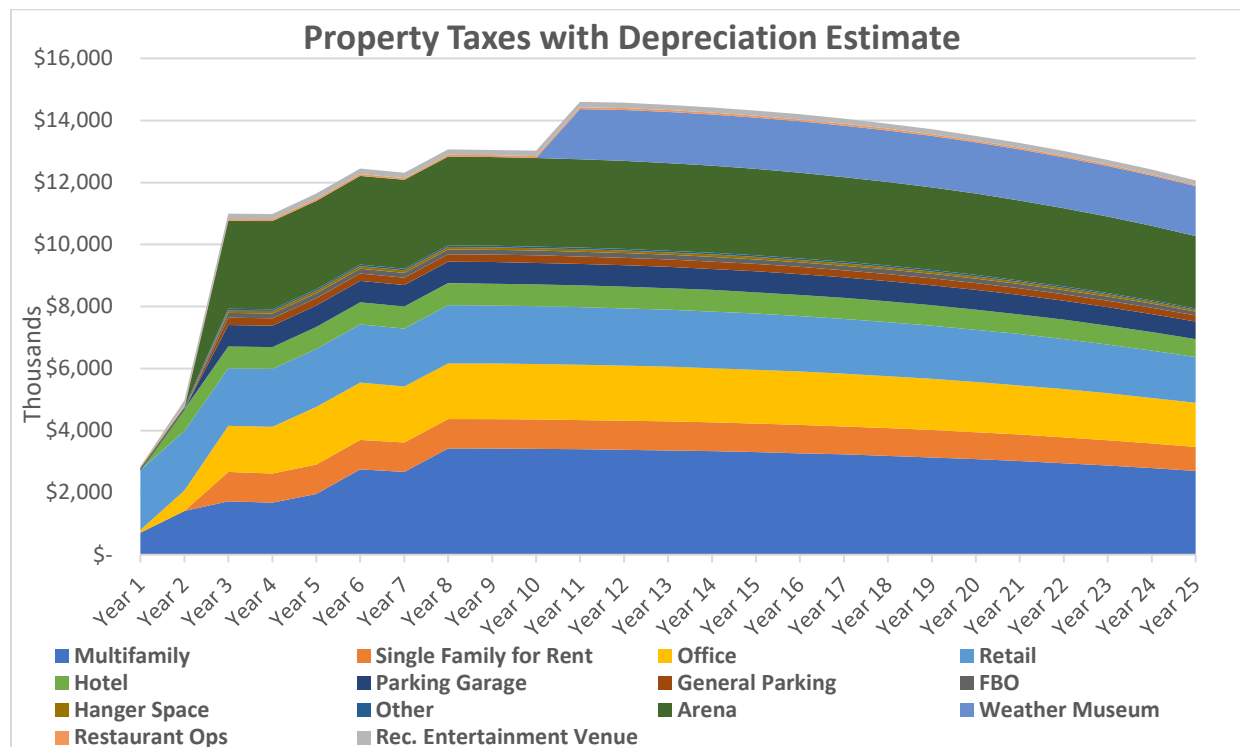
Over the life of the TIF, over \$277 million is estimated to be generated from property taxes alone. Without depreciation, that total potential tax would be much higher at \$425 million.

- Total Potential Property Tax \$425,213,366 (arena pays taxes thru a PILOT)
- Total with Depreciation \$280,593,521
- **Total NPV (5%) with Depreciation \$169,264,657**

With NEDC Properties Valuations

Over the life of the TIF, over \$310 million is estimated to be generated from property taxes alone. Without depreciation, that total potential tax would be much higher at \$455 million.

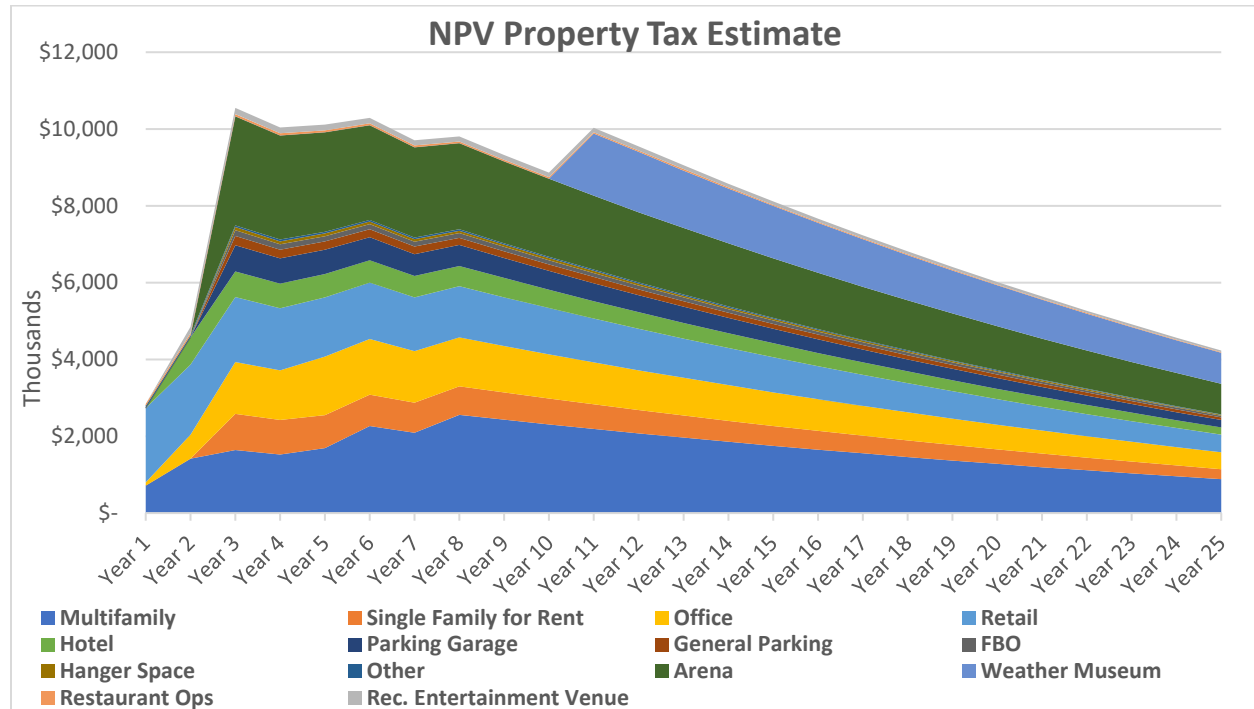
- Total Potential Property Tax \$463,145,932 (arena pays taxes thru a PILOT)
- Total with Depreciation \$310,621,784
- **Total NPV (5%) with Depreciation \$190,506,418**





Net Present Value (NPV) of Direct Property Taxes

The Net Present Value of Property Taxes factoring depreciation over the life of the TIF would lead to a relatively smaller return on taxes over time, mainly due to the time-value of money. The chart below shows peak taxes generated over the life of the TIF when projects come online. The overall NPV is over \$169M for the original OU Foundation plan and over \$190 million in property taxes with NEDC projects added.



- Total Potential Property Tax \$425,213,366 (arena pays taxes thru a PILOT)
- Total with Depreciation \$280,593,521
- **Total NPV (5%) with Depreciation \$169,264,657**

With National Weather Experience Museum \$115M facility

- Total Potential Property Tax \$30,073,439 (15 Years of TIF start 2033)
- Total with Depreciation \$24,646,488
- **Total NPV (5%) with Depreciation \$17,922,737**

With NEDC Tecumseh Restaurant – Email commitment from large restaurant group

- Total Potential Property Tax \$2,050,527 (23 Years of TIF)
- Total with Depreciation \$1,416,866
- **Total NPV (5%) with Depreciation \$889,661**

With NEDC Recreational Entertainment Venue – LOI received

- Total Potential Property Tax \$5,808,599 (23 Years of TIF)
- Total with Depreciation \$3,964,910
- **Total NPV (5%) with Depreciation \$2,429,363**



Summary of Property Taxes- NEDC

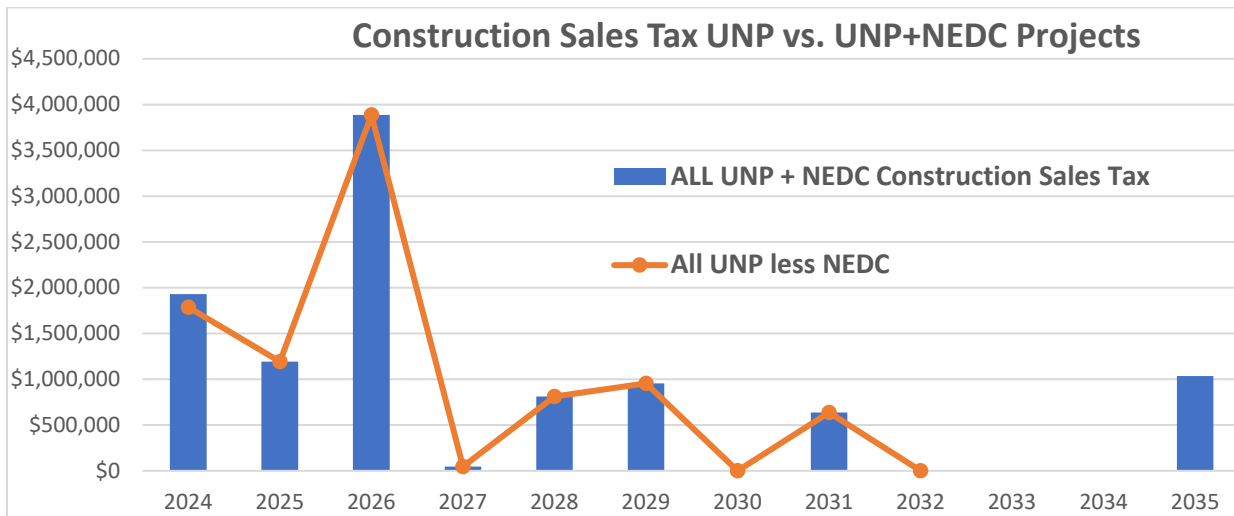
- Total Potential Property Tax \$37,932,566 (Museum et al- All Private Ownership and/or pays taxes thru a PILOT)
- Total with Depreciation \$30,028,263
- **Total NPV (5%) with Depreciation \$21,241,761**

Grand Total Property Tax Estimate

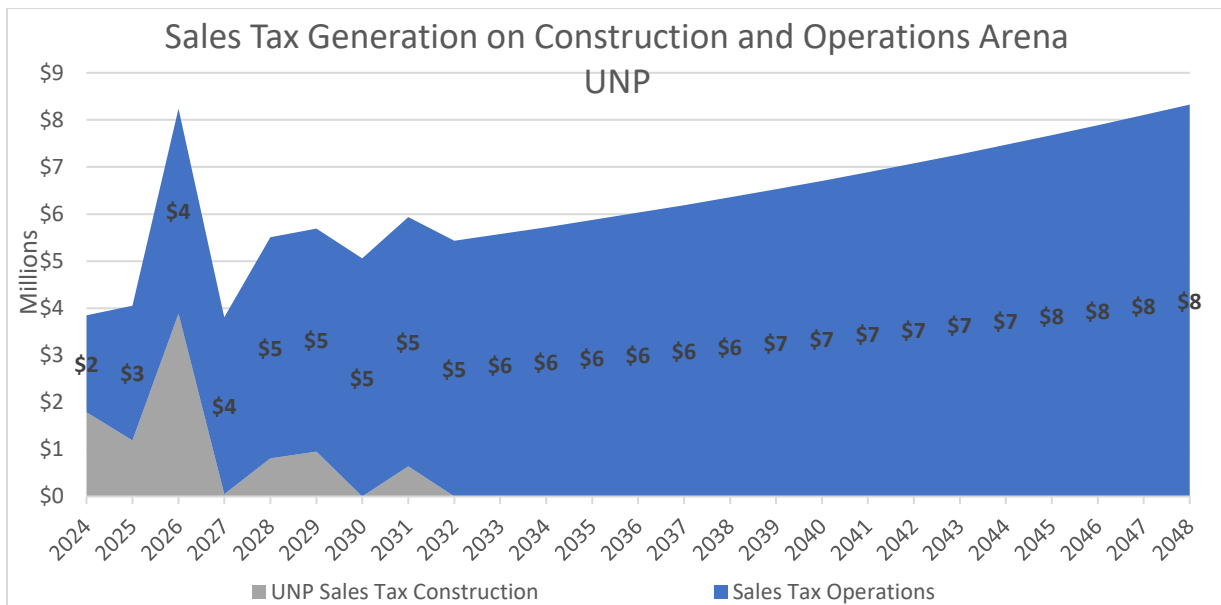
- Total Potential Property Tax \$463,145,932 (arena pays taxes thru a PILOT)
- Total with Depreciation \$310,621,784
- **Total NPV (5%) with Depreciation \$190,506,418**

Sales Tax Estimates

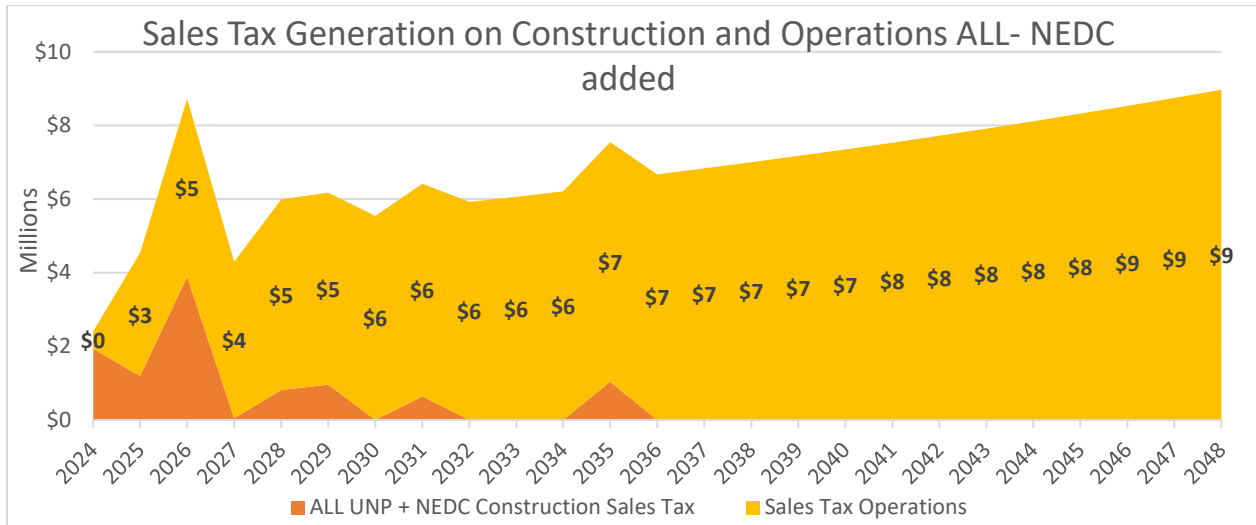
With a preliminary look at only construction sales taxes so far, we are estimating that just under \$9 to \$10.5 million in local sales taxes will be generated from construction activities through the proposed developments. This estimate assumes roughly 30-35% of the construction costs are spent in the TIF district on building materials that are subject to sales taxes. Other sources such as RSMeans show materials cost at over 45% for multifamily production as an example. The chart below shows construction sales tax with and without the NEDC projects based on a conservative material cost ratio.



Should Norman apply and get approval for programs such as the Leverage Act, the full amount of construction sales tax could potentially be leveraged and matched by the state. Additionally, sales taxes from operations over the life of the TIF is estimated to be a steady number. When considering all sales subjected to sales taxes, roughly \$148M is estimated to be generated from the Arena and other projects in the OU Foundation plan for the University North Park area (see chart below).



With NEDC properties and the Weather Center Museum, roughly \$12M in net new sales taxes are estimated to be generated over the life of the TIF. The total sales tax from operations is estimated to be over \$160M over the life of the TIF. When the construction sales taxes are added, the grand total sales tax is estimated to be over \$157M without the NEDC projects and over \$170M in sales tax with all UNP, Arena and NEDC projects combined (see chart below).



Again, based on performance, those funds could be leveraged to maximize matching state funds.

Summary estimate of overall sales tax generation through the life of the TIF

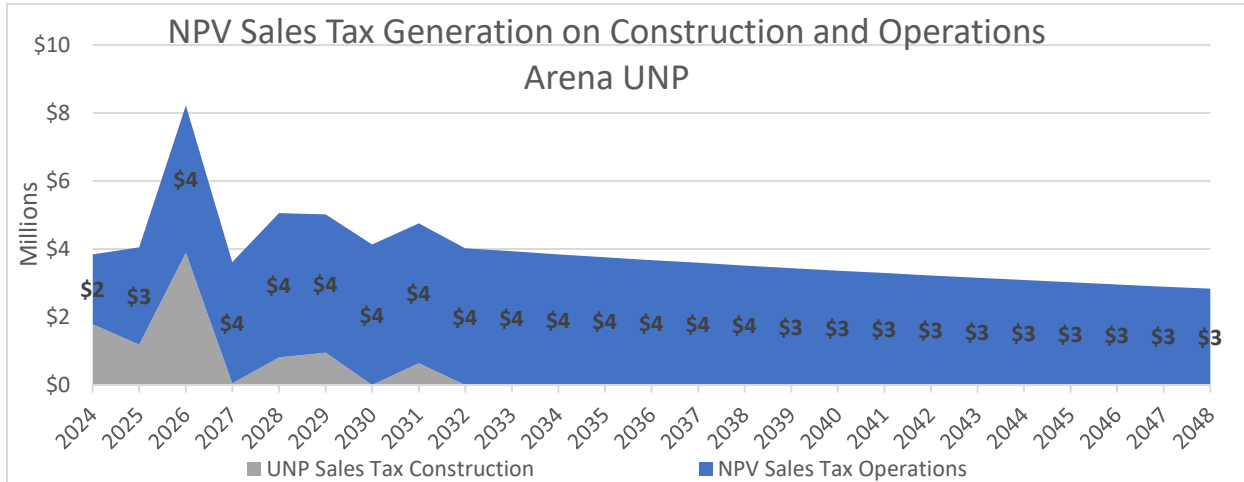
- UNP OU Foundation developments including the Arena
 - **\$148M** in operations sales tax
 - **\$157M** in construction and operations sales tax

- All NEDC developments and OU Foundation development projections
 - **\$160M** in operations sales tax
 - **\$170M** in construction and operations sales tax

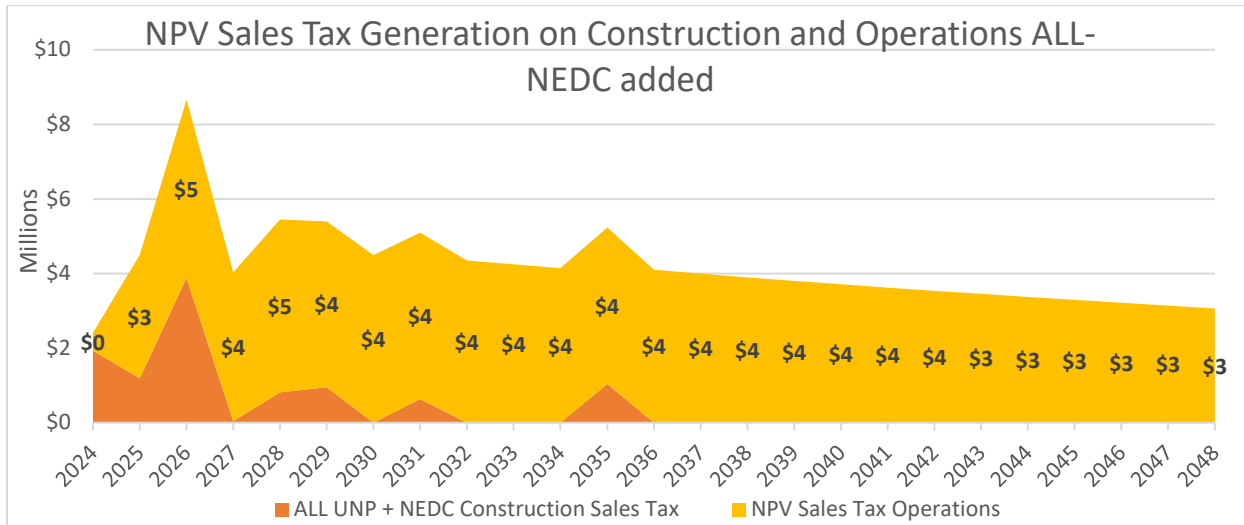


NPV Sales Tax Breakdown

When considering the net present value of those sales tax dollars estimated to be generated over the life of TIF, the sales tax revenue for the Arena plus the original UNP developments reduces to \$87M. When construction sales tax revenues are added in the total, NPV rises to \$96M total for operations and constructions sales tax.



With the addition of the NEDC projects, including the Museum, Rec facility and restaurant, the total NPV estimate tax revenue will increase over the life of the TIF to \$94M without construction sales tax and \$104M with construction sales taxes added in.



Summary estimate of overall NPV sales tax generation through the life of the TIF

- **NPV** Arena plus UNP original developments
 - **\$87M** in operations sales tax
 - **\$96M** in construction and operations sales tax
- **NPV** All NEDC developments along with Arena and UNP projections
 - **\$94M** in operations sales tax
 - **\$104M** in construction and operations sales tax



Summary of Property and Sales Tax generation estimate

- UNP original developments plus Arena
 - **\$280M** in property taxes
 - **\$157M** in construction and operations sales tax
 - **\$148M** in operations sales tax
 - **\$438M Total Sales and Property Taxes**

- All NEDC developments along with Arena and UNP projections
 - **\$310M** in property tax
 - **\$170M** in construction and operations sales tax
 - **\$160M** in operations sales tax
 - **\$481M Total Sales and Property Taxes**

NPV Summary of Property and Sales Tax generation estimate

- **NPV** Arena plus UNP original developments
 - \$169M in property taxes
 - **\$96M** in construction and operations sales tax
 - **\$87M** in operations sales tax
 - **\$266M Total Sales and Property Taxes**

- **NPV** All NEDC developments along with Arena and UNP projections
 - **\$190M** in property taxes
 - **\$104M** in construction and operations sales tax
 - **\$94M** in operations sales tax
 - **\$295M Total Sales and Property Taxes**

University North Park

ENTERTAINMENT DISTRICT

April 25, 2024



Lincoln



THE UNIVERSITY OF OKLAHOMA
FOUNDATION



Gensler

SMC
Consulting Engineers, P.C.

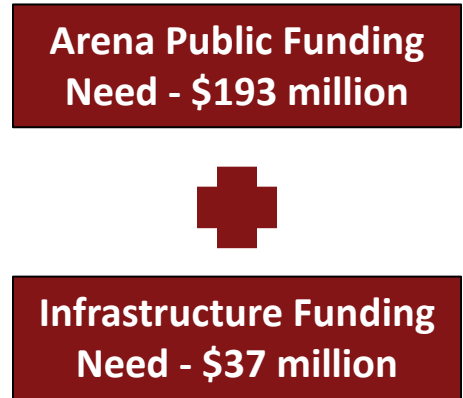
University North Park Entertainment District

- **Project Economics**
- **Mixed-Use Development**
- **Team**
- **Arena**

Project Economics

Use	Total Costs
Infrastructure	\$27,742,288
Public Open Space & Amenities	\$9,500,000
Stadium Venue w/ Parking Structure (Phase 1)	\$290,758,600
Retail w/ Service Lot (Phase 1)	\$90,940,719
Hotel (Phase 1)	\$50,479,260
Office 1 (Phase 2)	\$30,953,568
Office 2 (Phase 3)	\$30,953,568
Multifamily 1 (Phase 1)	\$50,909,807
Multifamily 2 (Phase 1-2)	\$50,909,807
Medium Density Residential (Phase 2-3)	\$48,577,624
Rainier/Lincoln Development Subtotal	\$644,482,954
Future Development: Multifamily 3	\$50,909,807
Future Development: Townhomes	\$19,125,049
Future Development (MF)	\$67,424,500
Future Development (Commercial)	\$31,050,000
Future Development (Experiential Development Use)	\$81,001,998
Future Development (Commercial)	\$31,050,000
Future Development (Potential FBO)	\$6,000,000
Future Development (MF)	\$70,889,000
Future Development (Flex)	\$31,250,000
Future Development (Commercial)	\$4,313,093
Future Development (Commercial)	\$6,837,831
Future Development (Mixed-Use)	\$21,045,000
Future Development (Mixed-Use)	\$25,702,500
Expanded District Development Subtotal	\$446,598,778
	\$1,091,081,733

- Overall Development Year 8 FMV - \$1.1 Billion
- Approx. \$230 Million TIF Financing proposed including infrastructure & public amenities



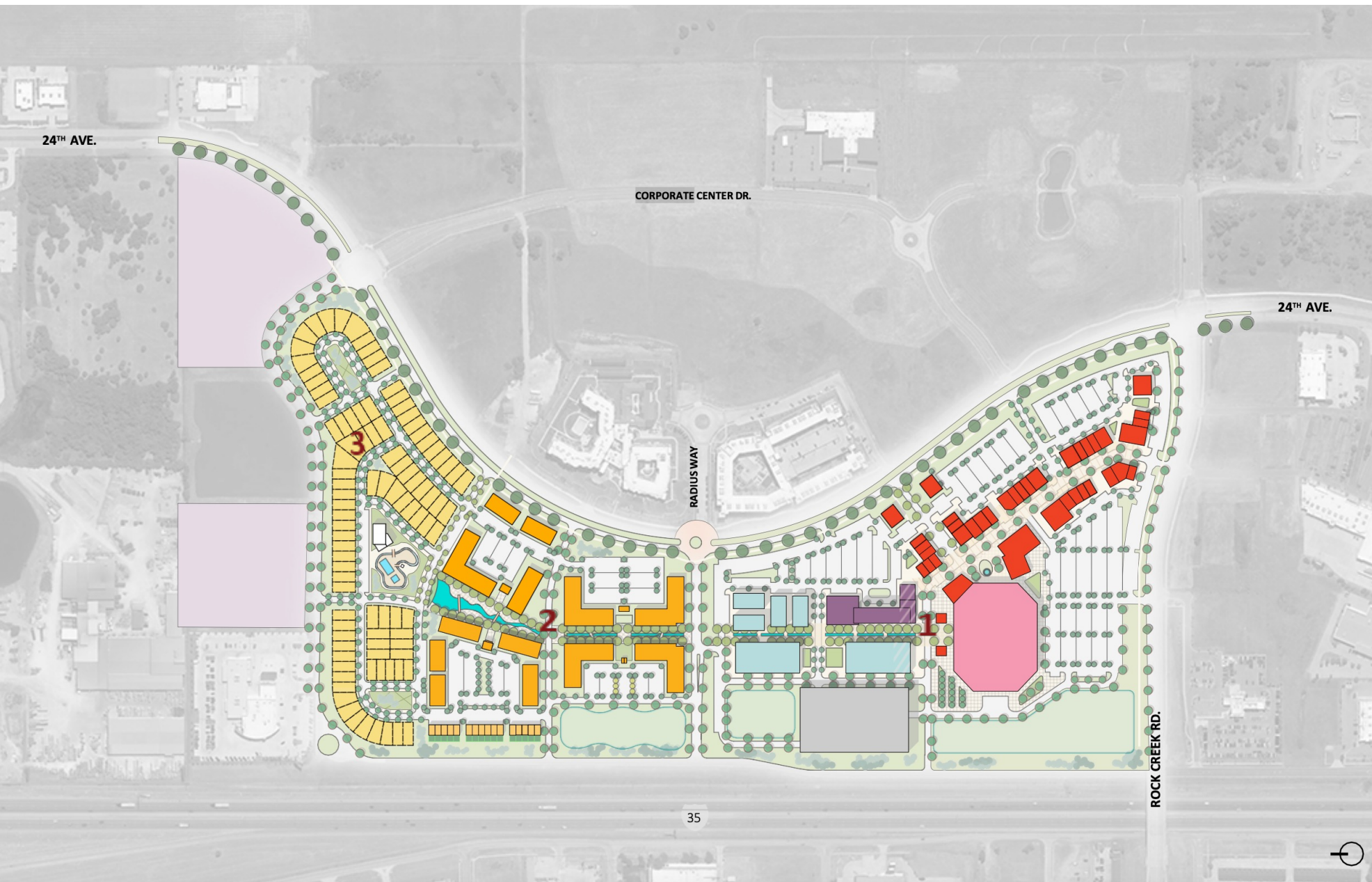
- Contemplated TIF 100% of incremental sales and ad valorem taxes within district (non-dedicated only)
- TIF – 25 years or less if projects are fully funded
- Private capital will capitalize approx. 80% of the overall development

*All project funding costs are estimates as-of 12/31/23

Core Development

- **Arena catalyzes the planned mixed-use development**
- **Remaining core development would include:**
 - **Entertainment District mostly F&B/interactive retail – 160,000 sq/ft**
 - **At least one major hotel and conference facility – 150 key hotel**
 - **Multifamily apartments – 578 units built in phases from year one to year four**
 - **Medium density residential – 177 units built in year three/four**
 - **Amenity rich, low-profile office – 180k+ sq/ft built in phases from year one to year five**
- **When completed, University North Park will be a destination shopping and entertainment district, where over 5,000 people work and where more than 3,000 Norman residents will live**
- **The core development will be a fully integrated community creating a sense of place with easy walkability to the plaza, the arena, and retail destinations**

Masterplan



Districts

- ① **MIXED-USE ENTERTAINMENT DISTRICT**
 - *Multi-Purpose Arena*
 - *Event Plaza*
 - *Festival Street Retail*
 - *Hotel*
 - *Office*
- ② **MULTI-FAMILY**
- ③ **RESIDENTIAL**

Development Team

- **Danny Lovell, CEO of Rainier Companies, a vertically integrated real estate investor and operator**
- **David Neher, President of Rainier Development Co., and leading expert in retail-driven, mixed-use**
- **Lincoln Property Company, among the largest diversified real estate firms in the nation and perennial leader in office and multifamily development**
- **Arcadis (Callison RTKL), a leading mixed-use planner and top 5 Architect in the United States**
- **Legends, a global experience company specializing in solutions for sports and entertainment**
- **Gensler, industry leading architecture design and planning firm specializing in sports facilities**

Dallas Cowboys HQ

Item 1.



The Star – Frisco, TX

Square Feet Retail:	250,000 SF
Hotel Rooms:	300 Keys
Stadium Seats:	12,000 Seats
Square Feet Office:	740,000 SF
Medical Facility:	400,000 SF
Total Project Cost:	\$ 2,200,000,000



University North Park - THE STAR Frisco, TX

Arena Design

Seating Capacity

- 8000 for Basketball
- 7250 for End Stage Concert
- 1500 Premium Seating Options

State of the Art Concert Facility

- Equipment loading and access
- Talent Amenities
- Acoustics

Close to the Action Lower Bowl Design

Structured Parking Access (1250 Spaces)

Purpose Built Student Section (OU Events)

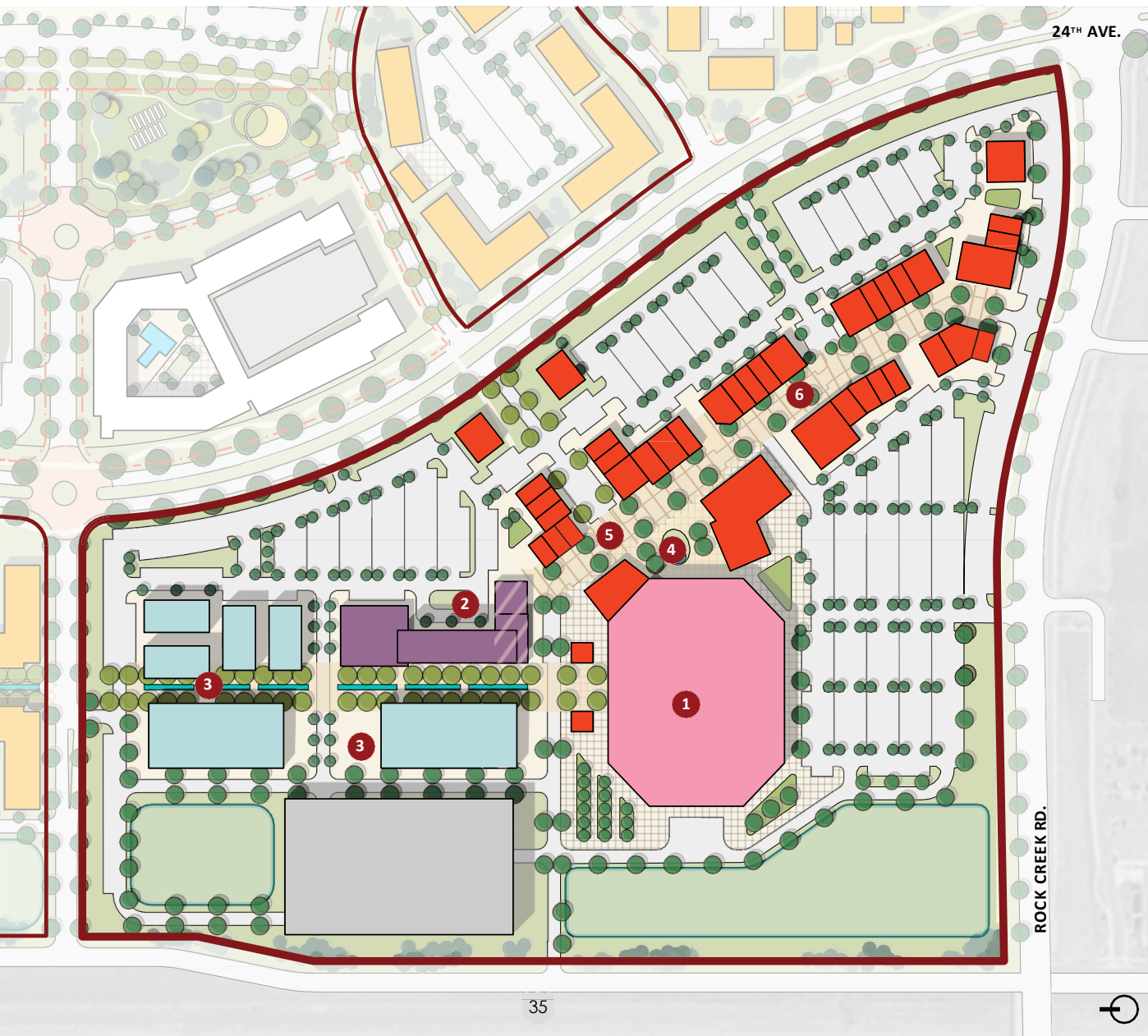
LOWER BOWL



LOWER BOWL	CURRENT
CLUB	900
SUITES (16)	256
STUDENT SEATING	800
LOWER GA	2,340
LOGE (20)	80
LEDGE SEATS	300
BULKHEAD GA	3,160
COURTSIDE SEATS	165
TOTAL	8,001

Gensler

Mixed-Use Entertainment District



- 1 MULTI-PURPOSE PERFORMANCE VENUE
- 2 HOTEL
- 3 TECH / OFFICE
- 4 EVENTS PLAZA
- 5 FESTIVAL STREET
- 6 ENTERTAINMENT / F&B



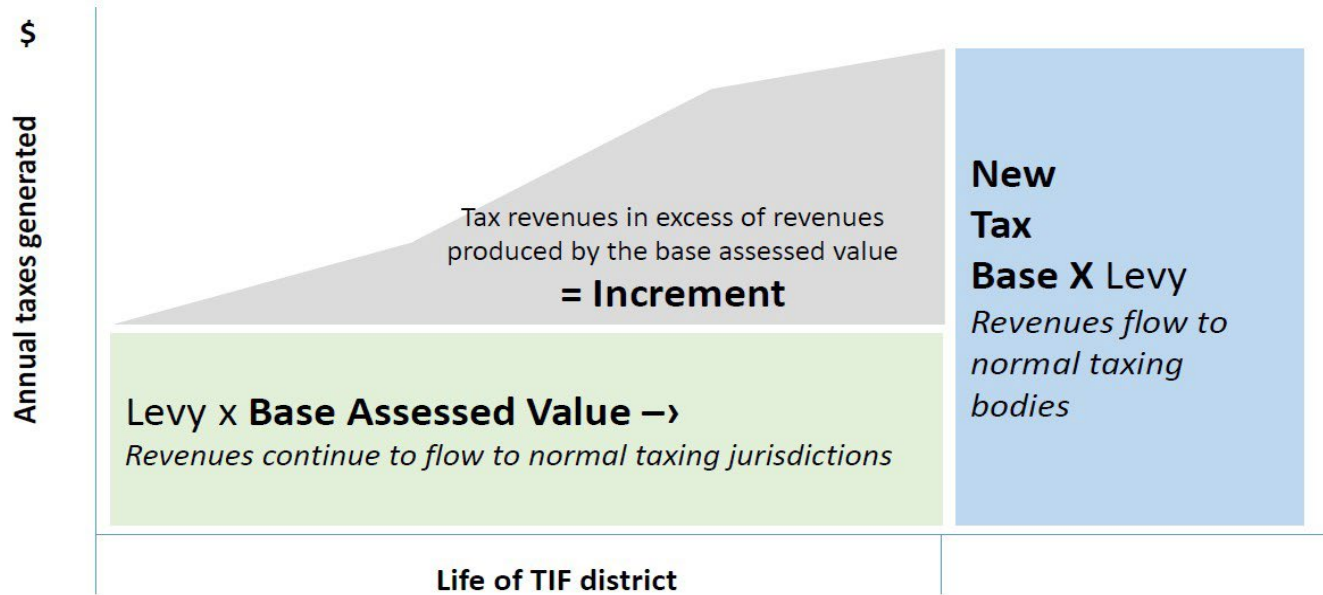
Tax Increment Finance Districts

Statutory Review Committee
April 25, 2024

What is a TIF?

- A TIF allows a city to direct the apportionment of an increment of certain local taxes and fees to finance public project costs in order to stimulate development in the area
- The **increment** is:
 - the portion of the ad valorem taxes produced by the increased value of the property in the TIF district, as measured from the date the TIF district is created; *and/or*
 - the portion of sales taxes collected each year that are generated by the project
- TIFs do not impose new taxes

How the District Works



Designating a TIF District

- Project Plan
- Review Committee
- Planning Commission
- Two Public Hearings
- Council Vote

Project Plan - Requirements

- Boundaries of increment district and project area, including illustrative sketch
- General description of public improvements, private investment, and estimated public revenues to accrue
- List of project costs
- General description of method of financing, sources, and timeframe
- Maps showing existing uses & conditions, and proposed improvements
- Proposed changes in zoning, if required
- Proposed changes in master plan and city ordinances, if required
- Name of person in charge of implementation
- Authorization of any public entity to carry out any part of the project plan

Review Committee

- Appointed prior to public hearings and adoption and approval of a project plan
- Membership is set by statute
 - Representative of governing body (Chairperson)
 - Representative designated by Planning Commission (Item No. 4 on your agenda)
 - Representative designated by impacted taxing jurisdictions
 - Cleveland County
 - Cleveland County Health Department
 - Pioneer Library System
 - Norman Public Schools
 - Moore-Norman Technology Center
 - 3 at large members selected by the Committee from a list of 7 provided by the Chairperson
- Review Committee created by Council in late November

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

Planning Commission Review

- Review the proposed project plan and make a recommendation on the plan to the governing body
- Project plan will include any proposed changes to the master plan and to zoning

Public Hearings

- First Public Hearing
 - Purpose – to provide information and to answer questions
 - Must include an analysis of potential positive or negative impacts which may result from the adoption of a project plan
- Second Public Hearing
 - To give any interested persons the opportunity to express their views on the proposed plan
- Very specific notice requirements

Consideration by Council

- After all of the steps are followed, Council will have an ordinance adopting the Project Plan on its agenda for a first and second reading.
- Council will be provided with all minutes and reports of the Planning Commission and Review Committee as well as economic analysis used to evaluate the proposal.
- If Council approves the Project Plan as recommended by the Review Committee, a majority vote of Council is required (5 votes)
- If Council approves the Project Plan, but it is not in accord with the recommendations and/or conditions set forth by the Review Committee, a 2/3 majority vote (6 votes) of Council is required.

Questions?

Item 1.