

**ANALYSIS OF FINANCIAL IMPACTS OF
THE PROPOSED OKLAHOMA REGIONAL
INNOVATION DISTRICT PROJECT PLAN
AND INCREMENT DISTRICTS**



November 17, 2016

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I. GENERAL DESCRIPTION OF PROPOSED PROJECT PLAN.

The proposed Oklahoma Regional Innovation District Project Plan (“Project Plan”) amends the existing Oklahoma Health Center Economic Development Project Plan to incorporate an Innovation District strategy. Building on the success of previous developments made possible under the Oklahoma Health Center Economic Development Project Plan and the Harrison-Walnut Urban Renewal Plan, the proposed Project Plan will (a) establish an Innovation District where economic growth, job creation, and innovation are accelerated through the strategic clustering of businesses, institutions, and people, and the creation of new partnerships; (b) create an innovative ecosystem comprised of technology and biotech businesses, educational institutions, entrepreneurs, business incubators and start-ups, retail, housing, entertainment, green space, public space, and multi-use developments, fostering a high level of interaction and connectivity, facilitating idea generation, and advancing commercialization; (c) accelerate high-quality job growth; (d) create and retain new business, investments, and employment; and (e) undertake programs to enhance education (especially in area neighborhoods), skills training programs, internships, and entrepreneurial support.

II. PROJECT AREA AND INCREMENT DISTRICT BOUNDARIES.

The project area (where principal activities occur) for the Project Plan embraces generally the area bounded on the north by N.E. 13th Street (and N.E. 14th Street and N.E. 16th Street at certain points), Broadway Avenue on the west (embracing Automobile Alley), N. Kate Avenue on the east, and bounded on the south by the Union Pacific right-of-way (the “Project Area”), which is shown on the attached Exhibit A. Portions of the Project Area are within the Harrison-Walnut Urban Renewal Plan Area. The boundaries of Increment District No. 1, Increment District No. 7, Increment District No. 11, Increment District No. “M,” and Increment District No. “N” within the project area are also shown on Exhibit A.

III. ELIGIBILITY OF PROJECT AREA AND INCREMENT DISTRICT AREAS.

Both the Project Area and Increment District areas are entirely within a State designated Enterprise Zone. The Increment Districts are projected to generate revenues for project activities.

IV. OBJECTIVES.

The purposes of the proposed Project Plan and the authorized increment districts are to assist in achieving the objectives of the Innovation District, the economic development objectives of The City of Oklahoma City contained in this Project Plan, and the objectives of the Harrison-Walnut Urban Renewal Plan in order to: (a) create new synergies supporting economic opportunity and economic development; (b) promote enhanced education, skills training programs, internships, workforce development, and entrepreneurial support; (c) create relationships with adjacent neighborhoods; (d) redevelop adjacent neighborhoods in accordance with previously approved urban renewal plans; (e) serve as a catalyst for retaining and expanding employment; (f) recruit

and retain new business in the Project Area with a focus on biotechnology, technology, life sciences, pharmaceuticals, energy, aerospace, and engineering; (g) attract major investment in the area; (h) preserve and enhance the tax base; and (i) make possible interactions, investment, development and economic growth, which would otherwise be difficult without the Project and the apportionment of ad valorem taxes from the increment districts. As used herein, “Project” refers to the activities authorized and undertaken pursuant to the Project Plan.

V. STRATEGY.

The implementation and administration of well-conceived economic development strategies will focus on stimulating innovation, enhancing education, providing job training, spurring job growth, and creating new partnerships, including:

A. Stimulating Innovation. Planning, financing, acquisition, construction, long-term leasing or disposition, and assistance in development financing of Innovation District facilities, complementary commercial facilities, and supporting public improvements to stimulate and support continued growth for business cultivators, business incubators, business accelerators, enhanced education and skills training programs, and supporting commercial, retail, and residential developments.

B. Enhancing Education and Job Training. Continuing stimulation of new investment within the boundaries of the Oklahoma City Public School District I-89 is essential to meet the School’s financial needs. Quality education is critical to the City’s ability to attract high-quality jobs. An agreement with the Oklahoma City Public School District (I-89) to enhance education in the area and an agreement with MetroTech to provide skills training programs (both with an emphasis on science, technology, engineering, and mathematics) are key elements under the proposed Project Plan.

C. Accelerating Job Growth. New business enterprises, new economic activities, and new investment in the Innovation District will expand employment opportunities. Recruitment and retention efforts will be focused particularly in the biotechnology, technology, life sciences, pharmaceuticals, energy, aerospace, information technology, and engineering sectors.

D. Place-Making and Neighborhood Development. Planning, financing, acquisition, construction, development, disposition, and assistance in development financing of public places (including green space, open space, meeting and gathering space, work space, conference facilities, entertainment space, and arts and cultural space), parking facilities, complementary commercial and retail facilities, and supporting public improvements, together with improved adjacent neighborhoods, creates an environment of interconnecting places for work, live, and play. Neighborhood development and redevelopment, including new walkable streets and vibrant public spaces, through neighborhood engagement and the implementation of economic development and redevelopment activities in accordance with the Harrison-Walnut Urban Renewal Plan, and the Project Plan.

VI. KEY PARTNERSHIPS.

Developing and enhancing public-private partnerships with universities, technology-related businesses, cutting-edge companies, centers of research, schools, and the community facilitates interaction and communication, stimulates investment, and spurs job growth. Potential partners include: bio-tech, energy, aerospace, engineering, information technology (IT), research, entrepreneurs and business, the Oklahoma City Public School District (I-89), Metro Tech (Vo-Tech 22), the Oklahoma School of Science and Mathematics, the N.E. Innovation District Citizens Group, the JFK Neighborhood Association, the N.E. Renaissance Steering Committee, the Douglas Alumni Association, the Harrison-Walnut Neighborhood Association.

VII. PRIOR RESULTS.

Originally approved as Oklahoma City's first project plan adopted pursuant to the Oklahoma Local Development Act, 62 O.S. §850, *et seq.*, including Oklahoma City's first tax increment financing district, the Oklahoma Health Center Economic Development Project Plan stimulated the development of the Research Park, bioscience business incubator facilities, the GE Global Research Center, and other redevelopments in the area, including the creation of more than 2,500 new high-quality jobs. Over the last decade alone, notwithstanding a major recession, at least 1,750 new jobs were created and more than \$200 million in new taxable private investment was stimulated in the project area. Overall, more than \$2 billion in new development in the area has occurred.

VIII. PROJECTED RESULTS OF PROJECT PLAN ACTIVITIES.

Projects such as those contemplated by this Project Plan have both direct and indirect economic benefits. They have design and construction impacts, which are generally one-time impacts. They also have continued annual impacts after completion. Direct and indirect benefits to the community as a whole and to the taxing jurisdictions can be projected, based on economic models utilized by the Oklahoma Department of Commerce and the Greater Oklahoma City Chamber of Commerce, as well as economic development consultants.

A. Investment. The Project Plan is estimated to stimulate an additional \$400 million in new public and private investment.

B. Employment. The Project Plan is estimated to stimulate the creation of an additional 1,500 high-quality jobs.

C. Ad Valorem and Sales Tax Growth. The revenue source expected to finance Project Costs authorized by the Project Plan is the incremental increase in ad valorem tax revenue generated by the Project within the Increment Districts. It is estimated that between \$2 million annually in the near term and more than \$4 million annually over the longer term will be generated by the incremental increases in ad valorem tax revenue. One assured source of revenue is the new revenues generated by the GE Global Oil and Gas Technology Center.

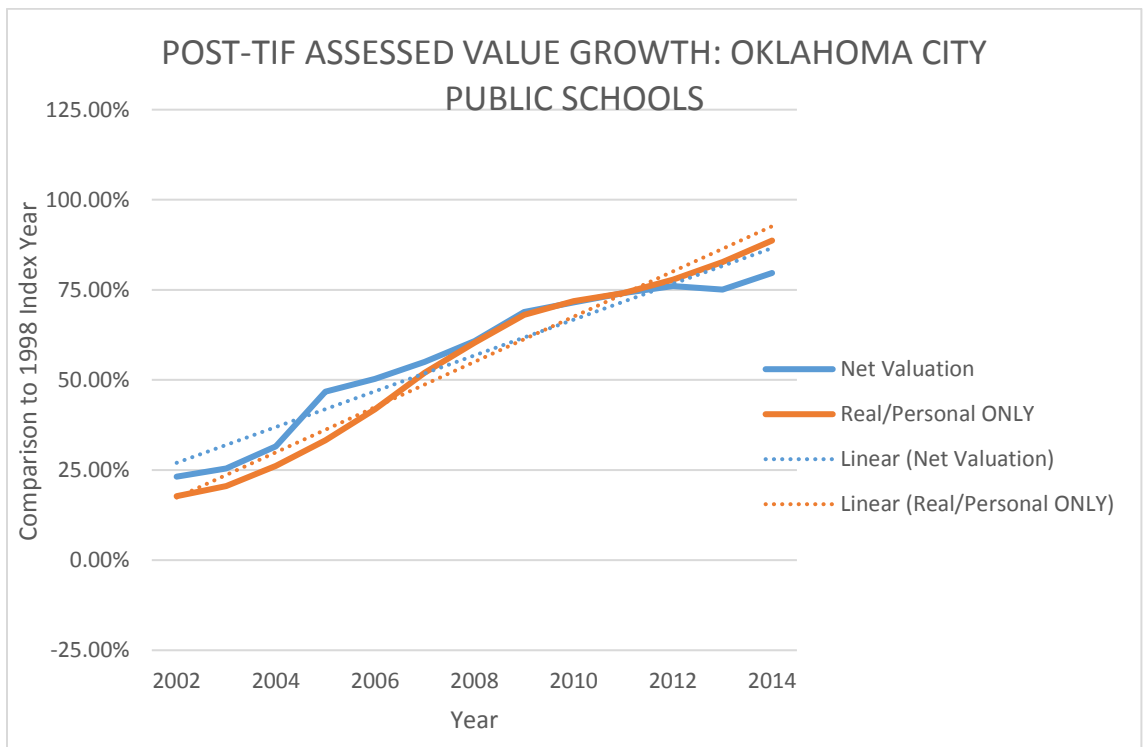
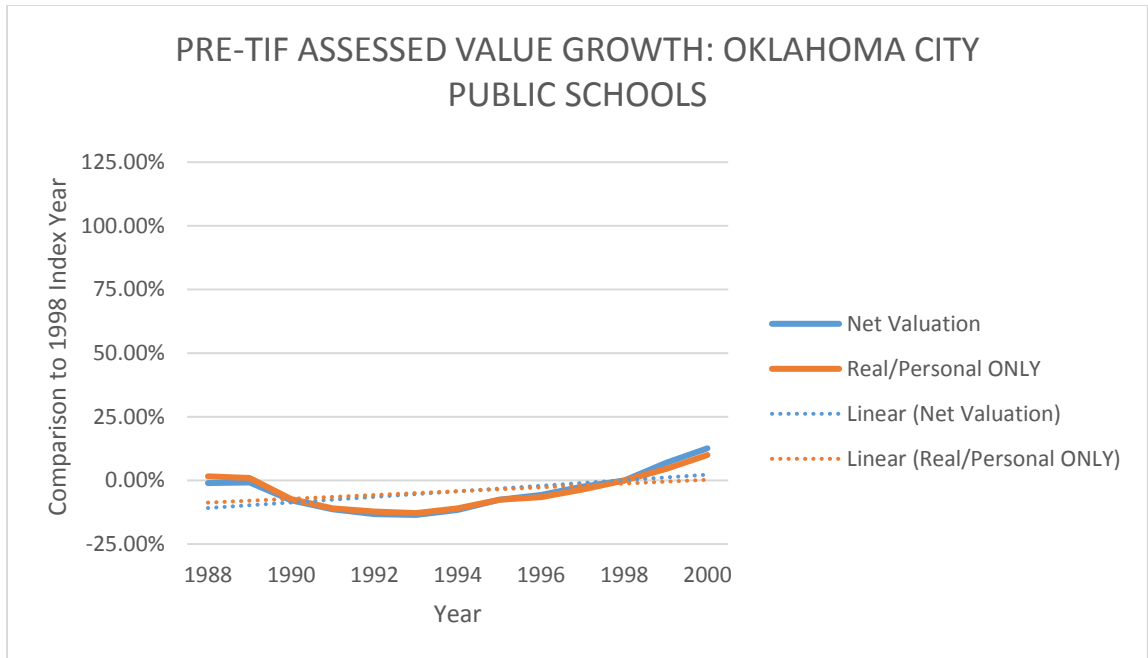
Additionally, it is anticipated that development of the Project as a whole, and the attendant increases in employment, will result in increased sales taxes for The City of Oklahoma City, increased sales taxes for Oklahoma County, increased sales taxes for the State of Oklahoma, increased ad valorem taxes outside of the Increment Districts, and increased income tax revenues to the State of Oklahoma.

IX. IMPACTS AND EFFECT ON TAXING JURISDICTIONS.

The economic development strategies of the Project will enhance public tax revenues from all sources, both inside and outside the project area, much of which will flow directly to the taxing jurisdictions in the area.

1. Oklahoma City Public School District (I-89). New development in the Project Area is likely to result in an increased demand on the public school district. However, a principal benefit of an Innovation District is the accelerated pace of new business enterprise, new investment and new jobs, the kind of activities that are most beneficial to school district revenues. The Oklahoma City economic development strategy has changed flat-line property valuation to an average annual 5% growth and is creating new taxable value in the school district at *two and one-half times the amount of value growth in all increment districts*. See chart and tables below.

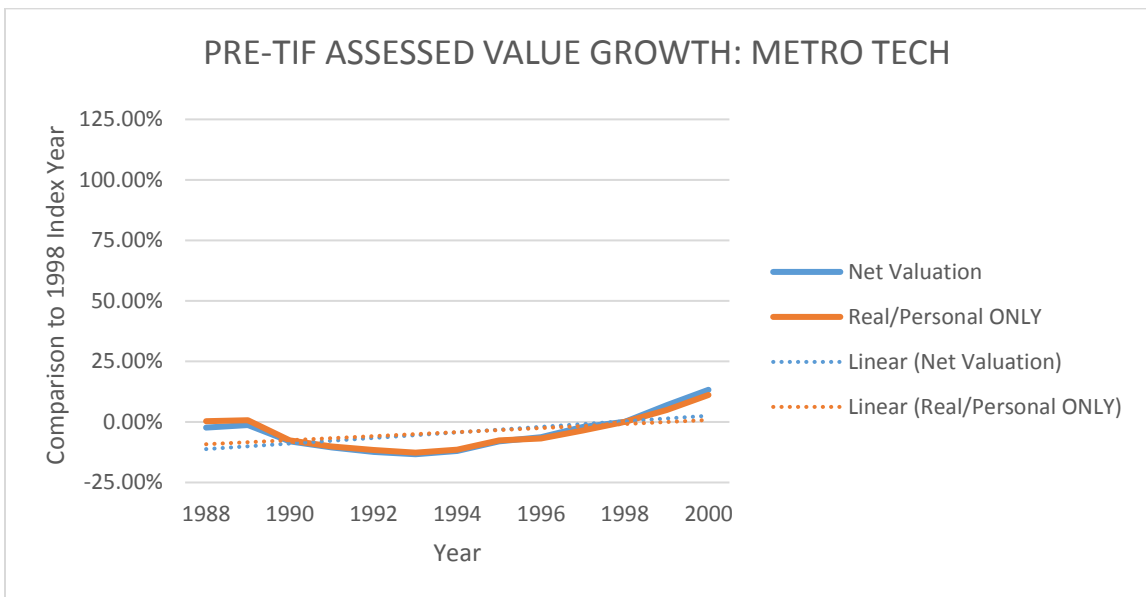
OKLAHOMA CITY PUBLIC SCHOOLS (I-89) VALUATION AND REVENUE GROWTH SINCE 2000								
Tax Year	Total Levy	Operational Levy	Net Valuation (outside TIFs)	Cumulative Valuation Growth	Ad Valorem Revenues	I-89 Revenues	Total Cumulative Revenue Growth	Cumulative Revenue Growth to I-89
2000	114.50	45.24	\$1,215,083,048	n/a	\$139,127,009	\$54,970,357	n/a	n/a
2001	114.50	45.24	\$1,305,085,977	\$90,002,929	\$149,432,344	\$59,042,090	\$10,305,335	\$4,071,733
2002	114.50	45.24	\$1,329,117,034	\$114,033,986	\$152,183,900	\$60,129,255	\$13,056,891	\$5,158,898
2003	114.50	45.24	\$1,354,057,914	\$138,974,866	\$155,039,631	\$61,257,580	\$15,912,622	\$6,287,223
2004	114.50	45.24	\$1,419,420,233	\$204,337,185	\$162,523,617	\$64,214,571	\$23,396,608	\$9,244,214
2005	114.50	45.24	\$1,583,720,703	\$368,637,655	\$181,336,020	\$71,647,525	\$42,209,011	\$16,677,168
2006	114.50	45.24	\$1,621,751,694	\$406,668,646	\$185,690,569	\$73,368,047	\$46,563,560	\$18,397,690
2007	114.50	45.24	\$1,672,540,071	\$457,457,023	\$191,505,838	\$75,665,713	\$52,378,829	\$20,695,356
2008	114.50	45.24	\$1,734,580,222	\$519,497,174	\$198,609,435	\$78,472,409	\$59,482,426	\$23,502,052
2009	114.50	45.24	\$1,822,544,697	\$607,461,649	\$208,681,368	\$82,451,922	\$69,554,359	\$27,481,565
2010	114.50	45.24	\$1,850,936,589	\$635,853,541	\$211,932,239	\$83,736,371	\$72,805,230	\$28,766,014
2011	114.50	45.24	\$1,879,038,468	\$663,955,420	\$215,149,905	\$85,007,700	\$76,022,896	\$30,037,343
2012	114.50	45.24	\$1,900,070,532	\$684,987,484	\$217,558,076	\$85,959,191	\$78,431,067	\$30,988,834
2013	114.50	45.24	\$1,889,170,549	\$674,087,501	\$216,310,028	\$85,466,076	\$77,183,019	\$30,495,719
2014	114.50	45.24	\$1,938,948,641	\$723,865,593	\$222,009,619	\$87,718,037	\$82,882,610	\$32,747,679
2015	114.50	45.24	\$2,008,693,881	\$793,610,833	\$229,995,449	\$90,873,311	\$90,868,440	\$35,902,954

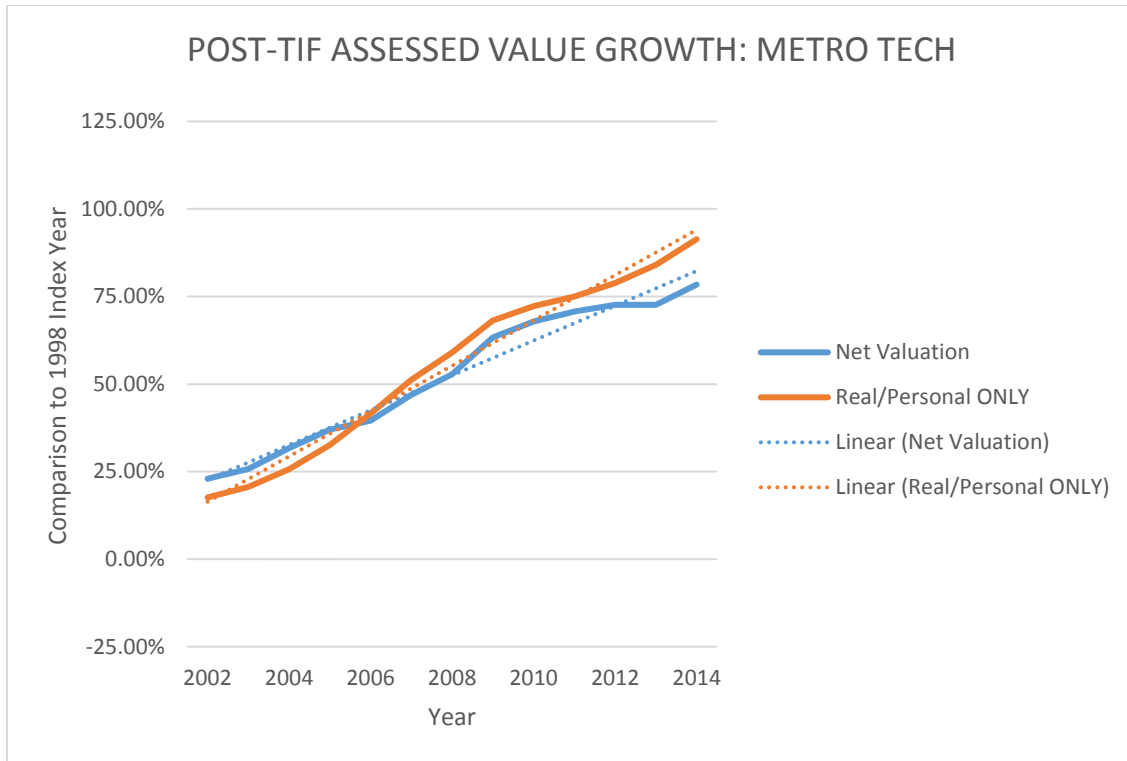


The proposed Oklahoma Regional Innovation District Project Plan will make possible partnership agreements, such as a ten (10) year agreement with the Oklahoma City Public School District to provide an enhanced education program to implement the Innovation District strategy with financial support from the Increment District.

2. MetroTech. Similar partnerships as described above (with different responsibilities and financial provisions) are contemplated with MetroTech for skills training programs supporting the Innovation District. See chart and tables attached. Oklahoma City’s economic development strategy, like the Oklahoma City Public School district, has changed flat-line property valuation to an average annual 5% growth and is creating new taxable value in the school district at *two and one-half times the amount of value growth in all increment districts*. See chart and tables below.

METRO TECH (VO-TECH # 22) VALUATION AND REVENUE GROWTH SINCE 2000								
Tax Year	Total Levy	Operational Levy	Net Valuation (outside TIFs)	Cumulative Valuation Growth	Ad Valorem Revenues	Metro Tech Revenues	Total Cumulative Revenue Growth	Cumulative Revenue Growth to Metro Tech
2000	114.50	15.45	\$953,074,649	n/a	\$109,127,047	\$14,725,003	n/a	n/a
2001	114.50	15.45	\$1,025,016,383	\$71,941,734	\$117,364,376	\$15,836,503	\$8,237,329	\$1,111,500
2002	114.50	15.45	\$1,034,625,752	\$81,551,103	\$118,464,649	\$15,984,968	\$9,337,601	\$1,259,965
2003	114.50	15.45	\$1,058,246,877	\$105,172,228	\$121,169,267	\$16,349,914	\$12,042,220	\$1,624,911
2004	114.50	15.45	\$1,107,628,049	\$154,553,400	\$126,823,412	\$17,112,853	\$17,696,364	\$2,387,850
2005	114.50	15.45	\$1,152,842,481	\$199,767,832	\$132,000,464	\$17,811,416	\$22,873,417	\$3,086,413
2006	114.50	15.45	\$1,173,959,394	\$220,884,745	\$134,418,351	\$18,137,673	\$25,291,303	\$3,412,669
2007	114.50	15.45	\$1,236,350,267	\$283,275,618	\$141,562,106	\$19,101,612	\$32,435,058	\$4,376,608
2008	114.50	15.45	\$1,285,298,170	\$332,223,521	\$147,166,640	\$19,857,857	\$38,039,593	\$5,132,853
2009	114.50	15.45	\$1,373,626,356	\$420,551,707	\$157,280,218	\$21,222,527	\$48,153,170	\$6,497,524
2010	114.50	15.45	\$1,412,036,257	\$458,961,608	\$161,678,151	\$21,815,960	\$52,551,104	\$7,090,957
2011	114.50	15.45	\$1,436,250,818	\$483,176,169	\$164,450,719	\$22,190,075	\$55,323,671	\$7,465,072
2012	114.50	15.45	\$1,452,461,369	\$499,386,720	\$166,306,827	\$22,440,528	\$57,179,779	\$7,715,525
2013	114.50	15.45	\$1,451,952,502	\$498,877,853	\$166,248,561	\$22,432,666	\$57,121,514	\$7,707,663
2014	114.50	15.45	\$1,500,960,998	\$547,886,349	\$171,860,034	\$23,189,847	\$62,732,987	\$8,464,844
2015	114.50	15.45	\$1,562,496,347	\$609,421,698	\$178,905,832	\$24,140,569	\$69,778,784	\$9,415,565

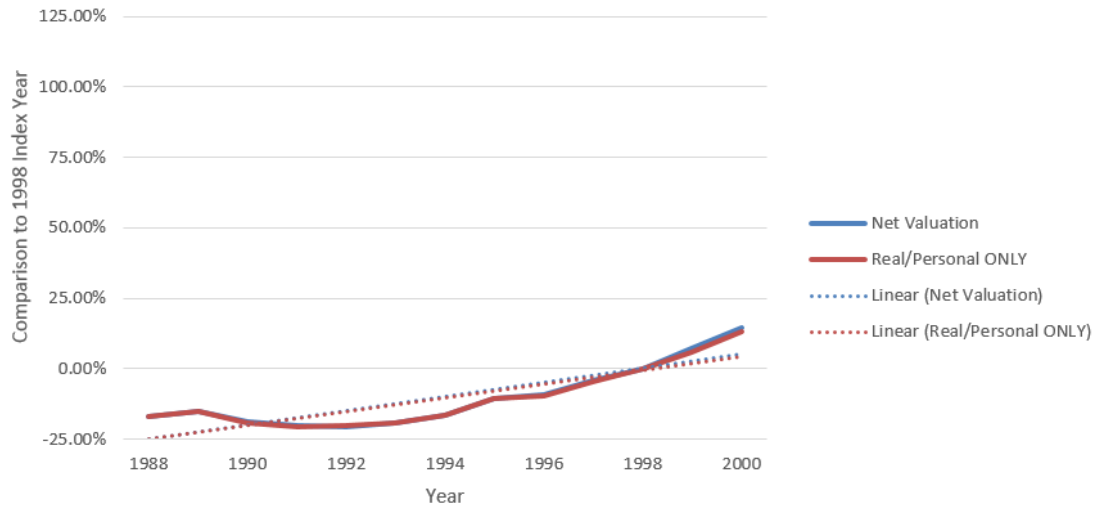




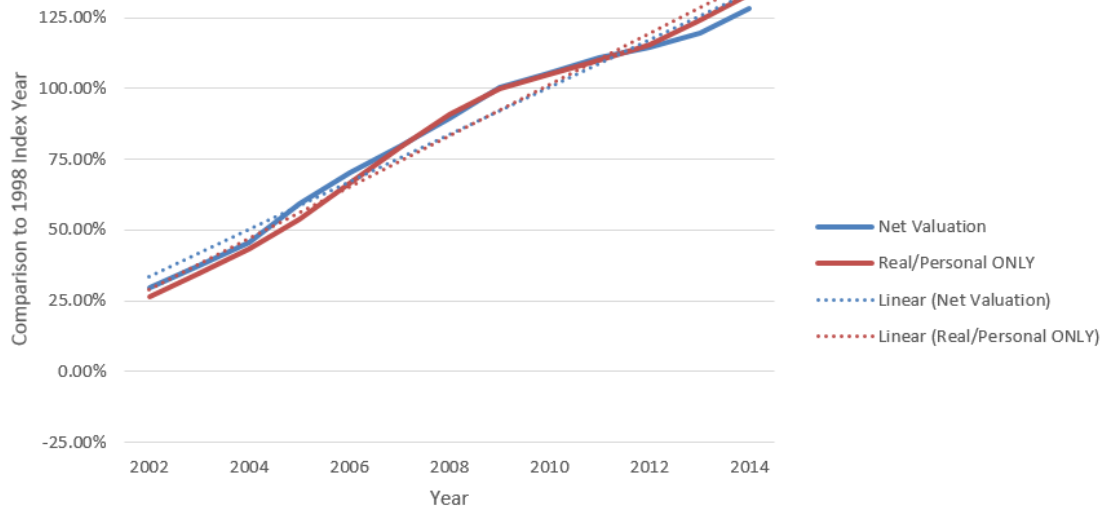
3. Oklahoma County. No specific demand for increased services on Oklahoma County is likely to result from the developments under the Project Plan. Like the Oklahoma City Public School District and MetroTech (both districts are embraced with the County area), the County’s property tax base and revenues have been stimulated by the City’s economic development policies. County-wide property valuations have improved from a modest 3% annual growth to an average 8% annual growth, *mirroring the growth patterns outside of all increment districts* as seen in the Oklahoma City Public School and MetroTech districts. See chart and tables below.

OKLAHOMA COUNTY VALUATION AND REVENUE GROWTH SINCE 2000								
Tax Year	Total Levy	Operational Levy	Net Valuation (outside TIFs)	Cumulative Valuation Growth	Ad Valorem Revenues	County Revenues	Total Cumulative Revenue Growth	Cumulative Revenue Growth to County
2000	114.50	10.35	\$3,136,891,676	n/a	\$359,174,097	\$32,466,829	n/a	n/a
2001	114.50	10.35	\$3,375,652,383	\$238,760,707	\$386,512,198	\$34,938,002	\$27,338,101	\$2,471,173
2002	114.50	10.35	\$3,542,116,595	\$405,224,919	\$405,572,350	\$36,660,907	\$46,398,253	\$4,194,078
2003	114.50	10.35	\$3,754,623,321	\$617,731,645	\$429,904,370	\$38,860,351	\$70,730,273	\$6,393,523
2004	114.50	10.35	\$3,986,566,594	\$849,674,918	\$456,461,875	\$41,260,964	\$97,287,778	\$8,794,135
2005	114.50	10.35	\$4,365,558,760	\$1,228,667,084	\$499,856,478	\$45,183,533	\$140,682,381	\$12,716,704
2006	114.50	10.35	\$4,657,648,052	\$1,520,756,376	\$533,300,702	\$48,206,657	\$174,126,605	\$15,739,828
2007	114.50	10.35	\$4,913,807,102	\$1,776,915,426	\$562,630,913	\$50,857,904	\$203,456,816	\$18,391,075
2008	114.50	10.35	\$5,191,032,305	\$2,054,140,629	\$594,373,199	\$53,727,184	\$235,199,102	\$21,260,356
2009	114.50	10.35	\$5,491,051,322	\$2,354,159,646	\$628,725,376	\$56,832,381	\$269,551,279	\$24,365,552
2010	114.50	10.35	\$5,620,711,917	\$2,483,820,241	\$643,571,514	\$58,174,368	\$284,397,418	\$25,707,539
2011	114.50	10.35	\$5,767,095,721	\$2,630,204,045	\$660,332,460	\$59,689,441	\$301,158,363	\$27,222,612
2012	114.50	10.35	\$5,877,464,681	\$2,740,573,005	\$672,969,706	\$60,831,759	\$313,795,609	\$28,364,931
2013	114.50	10.35	\$6,011,682,126	\$2,874,790,450	\$688,337,603	\$62,220,910	\$329,163,507	\$29,754,081
2014	114.50	10.35	\$6,243,222,330	\$3,106,330,654	\$714,848,957	\$64,617,351	\$355,674,860	\$32,150,522
2015	114.50	10.35	\$6,543,869,736	\$3,406,978,060	\$749,273,085	\$67,729,052	\$390,098,988	\$35,262,223

PRE-TIF ASSESSED VALUE GROWTH: OKLAHOMA COUNTY



POST-TIF ASSESSED VALUE GROWTH: OKLAHOMA COUNTY



4. Metropolitan Library System. The anticipated developments stimulated by the Project Plan may add to the clientele visiting the Ronald J. Norick Downtown Library, as the closest public library in the metropolitan area. Since its area is the County area, the benefits are proportional to County benefits.

5. Oklahoma City-County Health Department. No demand for increased services by the Oklahoma City-County Health Department is anticipated as a result of the

new developments arising under the Project Plan. Since its area is the County area, the benefits are proportional to County benefits.

6. The City of Oklahoma City. The actual, current, and future projected benefits to Oklahoma City mirror the benefits of the other affected taxing jurisdictions and are therefore overwhelmingly net positive.

X. ECONOMIC IMPACTS ON BUSINESS ACTIVITIES.

Isolating the specific impacts of the increment districts on the greater community is difficult, but the Brookings Institution has documented the positive impacts an innovation district can have on business activities and on communities as a whole. An Innovation District is implemented with an intentional economic development strategy based on the premise that economic growth, job creation, and innovation can be fostered through the clustering of businesses, institutions, and people, and the creation of new partnerships. Proximity and relationships allow people to collaborate and, as a result, spur and stimulate productivity, ideas, education, and innovation. Innovation Districts encourage multiple use developments that include housing, office, retail, green space, and entertainment venues. They foster connections between leading edge anchor institutions and business, cluster research with startups, business incubators and entrepreneurs, and create new partnerships with education, skills training, and the community.

The Innovation District will serve as a platform for quality job growth and business expansion and generate a higher multiple of beneficial economic impacts. As public and private development occurs, construction will result in temporary jobs and the completion of those development projects will result in permanent high-quality jobs and continued economic growth. The development of a multi-use/innovation hub, improvements to adjacent neighborhoods, the provision of enhanced education programs and skills training programs, and the nourishment of public-private partnerships, will collectively spur job growth, investment, and new business, particularly in biotechnology, technology, life sciences, engineering and related fields. The increased presence of individuals living and working in the Project Area will further stimulate demand for development, establishing a well-rounded multi-use area. Further, the increased presence of individuals will increase the opportunity of potential customers for both new and existing businesses in the Project Area.

XI. SUMMARY AND CONCLUSIONS.

Principal Conclusions:

- A. The Project has a high probability of accelerating job creation in the community.
- B. The Project has a high probability of stimulating investment both within and outside of the project area and increment districts.
- C. The Project has a high probability of increasing ad valorem tax revenues for all affected taxing jurisdictions, and in particular, the payments to the Oklahoma City Public School District under an agreement to support the Innovation District strategy will be

significantly greater than the net benefit to the school district without approval of the amended Project Plan.

In summary, the benefits of the proposed Oklahoma Regional Innovation District Project Plan will be significant for the taxing jurisdictions in the Project Area and increment districts, and for the community as a whole. A modest increase in the demand for services upon certain taxing jurisdictions can be anticipated, but such increases will be more than offset by the benefits generated by the Project Plan.

