



MEMORANDUM

Council Agenda
Item No. IX.J.1-3.
12/6/2016

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: James D. Couch, City Manager

1. Public hearing.
2. Presentation of the proposed Oklahoma Regional Innovation District Project Plan, amending and restating the Oklahoma Health Center Economic Development Project Plan, which includes amendments to the boundaries of existing Increment District Nos. 1 and 7, and the establishment of Increment Districts No. 11, No. "M", and No. "N" (Proposed Increment Districts) for the purpose of providing information and an opportunity for questions and answers regarding the proposed project plan.
3. Ordinance to be introduced and set for final hearing December 20, 2016, relating to the exercise of certain Constitutional powers, approving and adopting the Oklahoma Regional Innovation District Project Plan, amending and replacing the Oklahoma Health Center Economic Development Project Plan; amending the boundaries of Tax Increment Districts No. 1 and No. 7; identifying and establishing new Tax Increment District No. 11, and Tax Increment Districts temporarily identified as Districts No. "M" and No. "N", City of Oklahoma City; establishing a date for the creation of Increment District No. 11, City of Oklahoma City; deferring the numbering and activation date of new Increment Districts No. "M" and No. "N;" designating and adopting the project area and increment district boundaries; designating and authorizing the Oklahoma City Redevelopment Authority and the Oklahoma City Urban Renewal Authority as entities to carry out and administer the project plan; authorizing the Oklahoma City Redevelopment Authority to issue bonds and notes to carry out provisions of the amended project plan; establishing a tax apportionment fund; declaring apportioned funds to be funds of the Oklahoma City Redevelopment Authority; authorizing the Oklahoma City Redevelopment Authority to pledge the apportioned increments to repayment of debt; establishing plan objectives and implementation procedures; authorizing the use of ad valorem tax increment revenues and other available resources for the payment of project costs and to pay debt issued to finance project costs; providing that the apportioned ad valorem tax increment revenues from each of the increment districts may be allocated to fund assistance in development financing; ratifying and confirming the actions, recommendations, and findings of the Review Committee and the Planning Commissions.

Background

On January 5, 1993, the Council adopted Ordinance No. 19,875, approving the Oklahoma Health Center Economic Development Project Plan and establishing Tax Increment District No. 1, City of Oklahoma City ("Increment District No. 1"), pursuant to the Local Development Act, 62 Okla. Stat. § 851, et seq. (the "Local Development Act"). The Ordinance was subsequently amended on several occasions to make

minor amendments and further amended to provide for the development of Phase Two of the Presbyterian Health Foundation Research Park.

On August 1, 2006, the Council adopted Ordinance No. 23,059, approving an amendment to the Oklahoma Health Center Economic Development Project Plan, increasing the area of Increment District No. 1 and establishing Increment District No. 7, City of Oklahoma City (“Increment District No. 7”).

The proposed Oklahoma Regional Innovation District Project Plan (“Project Plan”), broadens the original objectives of the Oklahoma Health Center Economic Development Project Plan to include an innovation district strategy, to stimulate additional new private and public investment, particularly in the fields of biotechnology, technology, life sciences, pharmaceuticals, energy, aerospace, and engineering, to spur continued growth of business incubators, bioscience companies, and entrepreneurs, to provide enhanced education and skills training programs, especially in science, technology, engineering, and math, to develop public-private partnerships, to create community connections and opportunities, to provide supporting public improvements and amenities that are necessary and appropriate for the innovation district, and to implement a strategy to retain, attract, and expand high-quality employment.

The Project Plan is intended to augment achievement of the objectives of the previously approved Comprehensive (Master) Plan of The City of Oklahoma City and subsequent amendments thereto, and to implement urban renewal plans previously approved under Title 11 O.S. § 38-101, et seq., within the project area. No changes are proposed to the urban renewal plans or land use provisions affecting the area.

The proposed Project Plan expands the project area boundaries, amends the boundaries of existing Increment Districts No. 1 and No. 7, and establishes Increment Districts No. 11, No. “M” and No. “N” (“M” and “N” to be numbered and activated at a later date). All changes to the existing Oklahoma Health Center Economic Development Plan relate to the objectives and financing to provide legal and financial authorizations for the new partnerships to be fostered under the Innovation District strategy.

The announcement that SSM Health Care (which operates St. Anthony’s Hospital) is taking over operations at the OU Medical Center confirms the urgency of approving an amended project plan to broaden the objectives under the current Oklahoma Health Center Economic Development Plan to initiate an Innovation District strategy. The consequence of this announced transaction will change the taxable HCA owned hospital facilities into tax exempt properties – thus eliminating the current \$2.2 million annual revenue stream from taxable properties in Increment District No. 1.

The prudent response is to place the GE Global Research Center in a new increment district (along with other undeveloped and tax exempt properties before January 1, 2017). This change will provide a revenue source to support Innovation District activities in the amount of approximately \$1 million per year for the statutory period of 25 years.

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 revenues of the school district and other taxing jurisdictions. This Oklahoma City economic development strategy has changed flat-line property valuation in the school district and MetroTech to an average annual 5% growth and is creating new taxable value in those districts at two and one-half times the amount of value growth in all increment districts.

The only assured source of revenue for the new innovation district activation is the new revenues generated by the GE Global Research Oil and Gas Technology Center, which was financially supported by the existing increment district. By placing this development and other undeveloped properties in a new increment district before year end, revenue may be provided for the education partnership and other Innovation District efforts.

The Oklahoma Health Center Economic Development Review Committee, and the Capitol-Medical Center Improvement and Zoning Commission have reviewed the proposed Oklahoma Regional Innovation District Project Plan and recommend approval. On December 8, 2016, the Oklahoma City Planning Commission will consider whether the proposed Project Plan conforms to the Comprehensive (Master) Plan of The City of Oklahoma City and may make its recommendation to the City Council regarding the proposed Project Plan.

The proposed Project Plan is a project plan as defined under the Local Development Act, which provides that a Project Plan may only be approved after two public hearings are held. The first public hearing is provided for informational purposes only. The Council is not authorized to take final action on the proposed amendment at the first public hearing.

A presentation of the proposed Oklahoma Regional Innovation District Project Plan will be made by Cathy O'Connor, President of the Alliance for Economic Development, and the Council and public will be afforded the opportunity to ask questions.

A second public hearing to consider the proposed Project Plan and the adoption of the Ordinance with an emergency is set on December 20, 2016, at which time the Council would be authorized to take final action on the proposed Project Plan and adopt the proposed Ordinance.

Review

City Manager's Office – Economic Development

Recommendation: Public hearing be held, presentation be received and Ordinance be introduced and set for final hearing December 20, 2016.

Attachment