

To: City Council/Norman Municipal Authority Trustees
From: Norman Forward Citizens' Financial Oversight Board
Bill Nations, Chairperson
Subject: Financial Status of Norman Forward Project
Date: January 27, 2020

Dear Trustees/Council Members:

The NORMAN FORWARD Citizen's Financial Oversight Board (NFCFOB) committee met on January 27, 2020. The committee reviewed the status of Norman Forward revenue collections and the Norman Forward Sax Tax Fund pro forma analyses using the original sales & use tax growth factor (4.25%) and using a conservative growth factor (2%) as a stress test.

These highlight some key trends:

1. As of the January 2020 revenue report, the combined sales and use tax collections in the Norman Forward fund are 7.72% or approximately \$3.3 million below original revenue projections.
2. The original revenue growth assumption was 4.25% revenue growth for the duration of the program. This has proven to be overly optimistic.
3. Based on the pro forma analysis reviewed on January 27, 2020, the projections based on the more conservative 2% annual growth assumption indicated that there will be a cash flow problem beginning in fiscal year 2025-26, and the Norman Forward program will have a shortfall of \$9,833,348 at the end of the program in fiscal year 2030-31.

The Board continues to emphasize the importance of keeping a careful eye on the Norman Forward revenue trends. Adjustments to the Implementation Plan have been made, namely, the third tranche of borrowing was delayed from the original Implementation Plan. The Board recognizes the need to keep future projects within original budgets.

In June, 2019, the Board made the following recommendation:

“Any money, such as unused contingencies or cost savings, freed up from projects should be returned to the Norman Forward Fund balance and not applied to items that were removed from initial project plans. This will help to increase the chances of all projects being completed as promised in the Norman Forward plan. Funds can always be returned back to individual projects if the fund revenues rebound or there are excess reserves at the end of the Norman Forward project duration.”

Given the continued downward trend in sales tax revenue growth and changes in sales tax environment, the Board recommends further adjustments in the planning process. The Board recommends:

Revise the Norman Forward Sales Tax growth assumptions from 4.25% growth to a 2% growth assumption that is more likely to be reached going forward. The Board recommends that

Norman Forward Use Tax growth assumptions be changed to a 5% growth assumption going forward.

COMPLETED PROJECTS

	Original Budget	Revised Budget	Final Expense	Balance (Orig.)	Balance (Revised)
East Branch Library	\$5,100,000	\$5,100,000	\$4,790,779	\$309,221	\$ 309,221
Griffin Regrade (Test - Paygo)	\$217,416	\$217,416	\$217,416	-	\$ -
Westwood Swim Complex	\$12,000,000	\$12,000,000	\$11,762,475	\$237,525	\$ 237,525
Westwood Tennis Complex	\$1,000,000	\$1,801,278	\$1,801,277	(801,277)	\$ 1

We are excited about the progress of the Norman Forward Projects and the benefits these will bring to the Norman community. We look forward to continuing to provide oversight about how to achieve the project goals.