



City of Norman, OK

Municipal Building Council
Chambers
201 West Gray Street
Norman, OK 73069

Text File

File Number: R-1213-127

Agenda Date: 4/23/2013

Version: 1

Status: Non-Consent Items

In Control: City Council

File Type: Resolution

Agenda Number: 42

Title

RESOLUTION NO. R-1213-127: A RESOLUTION OF THE TRUSTEES OF THE NORMAN ECONOMIC DEVELOPMENT AUTHORITY ADOPTING THE NORMAN ECONOMIC DEVELOPMENT INCENTIVES POLICY.

Body

BACKGROUND: The creation of a public trust authority to facilitate potential economic development incentives was identified as a priority by the Business and Community Affairs Committee ("BACA") of the Council in August 2011 and also by the full Council at its Planning Retreat in September 2011. The Norman Economic Development Coalition (NEDC) was formed as a private 501(c)(6) in 1997 and has been actively assisting existing businesses, recruiting new businesses and potential employers to Norman for over 17 years. NEDC began as a collaborative effort between the City of Norman, Chamber of Commerce, and University of Oklahoma, but was expanded to include the Moore-Norman Technology Center as an equal contributor about four years ago.

It has been recognized that recruitment of quality employers to a community has become more and more competitive between cities and even between states. Many cities are offering incentives in various forms to recruit retail businesses as well as potential employers. Although NEDC has performed and continues to perform the recruitment efforts for Norman and its members of its coalition, providing additional economic development tools to assist NEDC in its recruitment efforts was a primary focus of BACA's efforts and recommendations.

After a series of meetings with the BACA Committee and the full Council, as well as a public forum, Council adopted Resolution No. R-1112-139 acknowledging the creation of and accepting a beneficial interest in the Norman Economic Development Authority ("NEDA") on June 12, 2012. City Council members will be acting as the Trustees of NEDA, similar to Norman's other public trusts: Norman Municipal Authority; Norman Municipal Authority; and Norman Tax Increment Finance Authority.

The creation of NEDA has given NEDC an additional recruitment tool as it continues to seek out potential employers for Norman. Although no funding source has been identified to provide "up front" incentives to attract businesses and future employers to Norman, NEDA is poised to be used as a financing vehicle to provide "earned incentives" or to be used on projects that require little or no public assistance, but simply need a financing vehicle to accommodate lower interest loans or other more desirable financing structures that would not otherwise be available through strictly private lenders. Of course, an offer of incentive by NEDC to a potential employer that provides for a public financing structure through NEDA would require approval by the City Council acting as the NEDA Board of Trustees.

Because of Council's desire to more clearly outline how and under what criteria incentives through NEDA would be considered, Council at its Conference on July 10, 2012, directed Staff to move forward in collaboration with BACA to finalize Ordinance No. O-1213-42 (the "EDAB Ordinance") and develop a policy that would serve to guide the proposed Economic Development Advisory Board. BACA reviewed, at its July and August meetings, the EDAB Ordinance that would create an Economic Development Advisory Board ("EDAB"). EDAB was envisioned to work hand in hand with NEDC. NEDC's role will continue to recruit quality employers to Norman on behalf of its members. The current draft of the EDAB Ordinance does not envision EDAB taking on a business recruitment role. Business recruitment is left to NEDC. The role of EDAB is to review and make recommendations to the City Council (acting as NEDA Trustees) regarding requests for economic development incentives that may be financed through or provided by NEDA.

BACA has spent a considerable amount of time examining economic development policies from other cities and working towards the creation of a policy that is appropriate for Norman. BACA last discussed the proposed Economic Development Incentives Policy (the "Policy") at its March meeting. Additional changes to the policy were discussed by BACA and are included in the attached draft. Both the EDAB Ordinance and the Policy were discussed at the Council Conference on March 26, 2013 and come forward to Council as companion items.

DISCUSSION: The Economic Development Incentives Policy is designed to provide guidance to both the EDAB and the NEDA Trustees when specific projects are being evaluated for some level of public participation in a private economic development project. The Policy contains 7 sections -

(1) Statement of Purpose: "to provide criteria for identifying situations where it is desirable and suitable to use public resources to provide incentives for private economic development"

(2) Goals and Objectives - The goals and objectives listed in the Policy set forth potential targets and focus for economic development recruitment efforts.

(3) Economic Development Tools -This section specifically recognizes that each project will be unique and may require the use of any one or more of a variety of economic development tools, some of which are listed.

(4) Eligibility Criteria - This section sets forth three mandatory criteria which all projects that receive any public incentive must meet, including compatibility with land use plans, infrastructure, plans, etc. A proposal before the EDAB or the NEDA would have to meet at least one of the advisory criteria listed in the policy. These criteria are related to target areas of employment, potential for company growth, capital investment, etc.

(5) Evaluation Process - A company desiring to receive incentives provided through public resources would be required to submit a proposal to the City Manager's office that includes information related to how the proposal would meet the goals and objectives of this policy and the eligibility criteria. Sufficient information must be provided to allow Staff, EDAB (or an outside firm where appropriate) to conduct an analysis of the direct and indirect economic impacts of the project.

(6) Performance Standards - Any company receiving monetary incentives provided through public resources of the City will be required to enter into a performance agreement. Performance agreements will vary based on the specific project and incentives being considered but all agreements must set forth specific performance goals (e.g. number of jobs, target salaries, amount of capital investment, etc.) and the consequence to the Company (e.g. clawback provisions, deferred fees, or penalties) should the Company fail to meet such goals.

STAFF RECOMMENDATION: Staff recommends adoption of Resolution No. R-1213-127, adopting the Norman Economic Development Incentives Policy.