

**THE CITY OF NORMAN/NORMAN MUNICIPAL AUTHORITY  
NORMAN FORWARD CITIZEN FINANCIAL OVERSIGHT BOARD  
ANNUAL REPORT  
FOR THE PERIOD OCTOBER 1, 2018 – DECEMBER 31, 2019**

The NORMAN FORWARD Citizen Financial Oversight Board (CFOB) was established by the City Council (Resolution R-1516-75) on December 22, 2015 to “review actual and projected Norman Forward Sales Tax (NFST) revenues; recommend a mix of project financing versus pay as you go ("paygo"); review the pace and sequencing of construction projects; review all Council actions related to expenditures of NFST moneys; recommend strategies for long-term operations and maintenance of facilities; report to Council from time to time as warranted and to provide an annual report to Council; perform such other duties related to Norman Forward as the Council directs by motion or resolution; create policies and procedures as guidelines for the functioning of the NFST CFOB in areas including but not limited to attendance, receiving public testimony, structure or format of meetings, frequency of public hearings; and be willing to assign an NFST CFOB member to serve with and act as a liaison to certain Advisory Committees that Council may form from time to time regarding specific Norman Forward Projects related to Libraries, Senior Center, Westwood Pool replacement, Indoor Aquatics, Football/Softball Sport Complex, Griffin Park Soccer improvements, Ruby Grant Park improvements, Reaves Park baseball improvements, Andrews Park improvements, Westwood Tennis facilities, Trail development, and Neighborhood Park improvements.”

There are nine Board members, with terms expiring as follows:

Andy Paden, December 22, 2019  
Saidy Orellana, December 22, 2020  
Bill Nations, December 22, 2020  
Tom Sherman, December 22, 2020  
McKenzie Britt, December 22, 2021  
Andy Rieger, December 22, 2021  
Linda Price, December 22, 2021  
Bree Montoya, December 22, 2022  
Cindy Rogers, December 22, 2022

The Board will continue in existence until the NFST term has expired, all NFST revenues have been expended or allocated, or a final report is made to Council, whichever occurs latest.

The voters of Norman, on October 13, 2015, approved the City of Norman’s Ordinance O-1516-5, which authorized a 15-year, ½ percent sales tax, primarily to pay for quality of life improvements including the following:

- New Central Branch Libraries - \$39,000,000
- New East Branch Library - \$5,100,000
- James Garner Avenue Extension - \$6,000,000
- New Indoor Aquatic Facility - \$14,000,000
- Westwood (Outdoor) Pool Reconstruction - \$12,000,000
- Westwood Tennis Center Renovation - \$1,000,000
- Reaves Park Baseball Complex Renovation - \$10,000,000
- Griffin Park Land Purchase - \$10,000,000 \*(Now \$2,400,000 for lease payments)
- Griffin Park Soccer Complex Reconstruction - \$11,000,000
- New Football and Softball Complex - \$2,500,000
- New Indoor Multi-Sport Facility - \$8,500,000
- New Neighborhood Park Development - \$2,000,000
- Existing Neighborhood Park Improvements - \$6,500,000
- New Trail Development (Legacy Trail) - \$6,000,000
- Ruby Grant Park Development (Phase I) - \$6,000,000
- Saxon Park Development (Phase II) - \$2,000,000
- Andrews Park Redevelopment - \$1,500,000
- Canadian River Trails Park Development - \$2,000,000
- Road and Infrastructure Improvements - \$2,700,000
- Senior Citizen's Center – TBD \*(Now \$7,600,000 Reprogrammed)
- Public Art Installations – TBD \*(Now \$1,200,000)

Other authorized NORMAN FORWARD expenditures could include operating subsidies to the Indoor Aquatic Facility, Westwood Aquatic Center capital replacement, and/or maintenance and support personnel.

The Citizen Financial Oversight Board began meeting in January, 2016 and has been reviewing documents, reports and Council actions since then. Significant items discussed and reviewed over the current reporting period include the following:

### **NORMAN FORWARD Program Management Consultant**

Early in the decision-making discussions for the implementation of the NORMAN FORWARD program, it was determined by the City Council that there would be a need to retain an outside architectural/engineering consultant to act as a “Program Manager”, with the stated goal of helping to deliver the promised projects on time and within their financial budgets. ADG Professional Corporation was selected to fill this role.

One of the major roles of the Program Manager is to provide information and professional insights to the Board based on their knowledge and experience related to the performance of the City's external contractors and professionals hired to complete the projects. Since that time, the Board has received information and built relations with staff of ADG which will be valuable as the program progresses.

The City's contract with ADG for Norman Forward Program Management Services was renewed and amended by the Council (Contract K-1516-110, Amendment #2). The scope of Program Management services to be provided by ADG was expanded to include the Ruby Grant, Reaves and Griffin Park projects, increasing the contract amount from

\$1.75 million to \$3.312 million. The Board stated concerns in this increased contract amount to the Council (see attachment). While the need for additional Program Management services for these large projects is justified, the Board's concern was with the ability of the Norman Forward Sales Tax to absorb the substantially increased cost.

### **NORMAN FORWARD Implementation Plan**

The Norman Forward Project Implementation Plan (IP) was prepared by City staff and the Program Management Consultant, ADG. ADG provided the Board with updates to the project timing schedules included in the IP throughout the current reporting period. The Implementation Plan received its first major revision, with the approval of the Board, in September, 2019. The IP was revised to reflect the identified funding for the Senior Center project as well as the lease arrangement with the Oklahoma Department of Mental Health for the Griffin Soccer Complex land, for the final costs of the East Branch Library and Westwood Swimming and Tennis projects, and for other factors.

The Implementation Plan continues to be a "living" document which will change over time. The Board will review the IP on at least a semi-annual basis, with further updates as necessary based on major project milestones being achieved.

### **NORMAN FORWARD Revenue and Expenditure Reports**

At each of its meetings, the Board is presented with financial reports on projected and actual sales tax collections and Norman Forward Sales/Use Tax expenditures, by project. The most recent of these reports are attached. The Board understands that the financial information will become more and more meaningful as NFST collections are received and actual collection patterns are built up, and as projects progress and their related expenditures can be measured versus preliminary project budgets, but the Board has stated and re-stated its concern that projects be kept within their budgets to the extent possible, and that where individual projects have savings from their budgeted costs, those saving should go back into the Norman Forward fund balance to pay for other projects at their budgeted levels, and offsetting the projected shortfall in Norman Forward Sales Tax revenue from the originally-projected levels (see attached Recommendation and discussion below).

### **NORMAN FORWARD Sales Tax Collection Concerns**

Beginning in March, 2017, the Board began discussing concerns with sales tax collections being below projections. Although use tax collection has been quite a bit above projections recently, actual sales and use tax collections combined have been approximately 7.72% below the original projections (see attached Sales Tax Revenue reports). The Board restates its recommendation to Council that all savings on the NORMAN FORWARD projects should be retained to make up for shortfalls in projects and revenue and not used for project add-ons (see attached Recommendation).

## **NORMAN FORWARD Pro Forma Financial Projections**

The Board requested City staff, in conjunction with the City's Financial Advisory team, to prepare Pro Forma Financial Projections for the entire 15-year NORMAN FORWARD program. Based on the project budgets and other expense assumptions, sales and use tax revenue projections, and debt issuance and interest rate projections, the Pro Forma projections were prepared to answer basic questions of, given these logical assumptions, will NORMAN FORWARD be financially able to deliver the projects that were promised to the voters? Will there be "excess" money during the NFST collection period or left over at the end for other projects or needs?

The Pro Forma financials have been updated and presented to the Board twice in this reporting period. There is continued concern that if annual sales tax growth projections are adjusted downward from the original 4.25% to a two percent (2%) level that is more reflective of recent City collection patterns, there will be necessary adjustments to the timing of pay-as-you-go projects, and the need for supplementary funds to complete all of the projects at their anticipated scope.

City staff will continue to work to update financial projections and the timing and sizing of the third and projected final issuance of debt related to the Norman Forward program. At this time, it is estimated that the size of the third "tranche" of Norman Forward debt will be reduced from a projected \$34 million to approximately \$23 million. All other things being equal, it is estimated that this reduction in debt financing could save the Norman Forward program approximately \$1,750,000 in interest costs. The final Norman Forward debt issuance is expected to be completed by June 30, 2020.

## **NORMAN FORWARD Ad Hoc Project Committee Liaisons**

A part of the original direction from the City Council to the Citizen Financial Oversight Board was for the CFOB to appoint a member to act as a Liaison to each of the Ad Hoc Project Committees that would be appointed to consider the design and construction specifications for each of the major NORMAN FORWARD projects. The Board has appointed the following members to these Liaison roles, to date:

Westwood Pool and Tennis Center Complex (Completed) – Bree Montoya  
Senior Citizen's Center – Tom Sherman  
Libraries (Completed) – Andy Paden  
Griffin Park Soccer Complex – Linda Price  
Reaves Park Baseball/Softball Complex – Andy Rieger  
Indoor Aquatic Center/Indoor Multi-Sport Center – Cindy Rogers  
Ruby Grant Park – McKenzie Britt

## **CFOB Review of City Council Actions**

At each of its meetings, the Citizen Financial Oversight Board receives and reviews any City Council or Norman Municipal Authority actions that have been taken since the CFOB last met that impact the NORMAN FORWARD Sales Tax program. The Board has an

understanding of its review authority and its ability to timely report back to the Council and/or the public on any Council/NMA actions which the Board believes would not be in the best interest of the NORMAN FORWARD program, or which the Board may believe to be in conflict with the tenets of the NORMAN FORWARD Ordinance. The reports and recommendations that the Board has made to the Council during this reporting period are attached.

## **NORMAN FORWARD Project Updates**

At each of its meetings, the Board receives updates on the progress of authorized NORMAN FORWARD projects from the Project Management staff, the Program Manager and/or from the related Ad Hoc Group Liaison. The Board has also been given presentations from project architects on the preliminary design and master site plans for major NFST projects. The Board's discussion of this information forms the basis for Board recommendations on its review of Council actions taken related to the NORMAN FORWARD program.

During this reporting period, the Board is pleased with the progress made on many Norman Forward projects. A new neighborhood park, "Songbird Park" in south central Norman, has been constructed and opened with NORMAN FORWARD funds. The fabulous new Norman Public Library, Central has been completed and opened to the public, under its budgeted costs, and including the most ambitious work of public art in Norman's history, "Unbound". Park renovations have been completed or are ongoing throughout the City, including the beginning of the first phase of the development of Ruby Grant Community Park in northwest Norman and the reconstruction of the Andrews Park Skate/Bike Park. Site selection is complete and engineering design is underway for the extension of James Garner Avenue, the Senior Citizen's Center, Indoor Aquatic Center and Indoor Multi-Sport Facility. Truly, NORMAN FORWARD is delivering on its promises to the residents of and visitors to Norman.

Recent updated engineering estimates for several NORMAN FORWARD projects raise concern about the ability of the projects to be completed within their anticipated scope. The Board will continue to monitor these estimates and to make sure that the ability to deliver all of the anticipated projects will not be threatened by concerns with desired project scopes being unaffordable within existing NORMAN FORWARD budgets. The Board discussed the probability that additional funding sources may have to be identified (additional sales taxes, general obligation bonds, private donations, City capital or University North Park Tax Increment Finance District allocations, etc.) to supplement Norman Forward funds in order to fund some projects at their desired scope.

Westwood Family Aquatic Center celebrated its grand opening on May 26, 2018 and the Norman Public Library East opened on July 20, 2018. Most of the remaining projects are progressing on time and within their budgets. The Board is aware that keeping the projects within budget has come with some necessary reductions to or changes in the project's scope and will continue to work to ensure that continues.

## **Public Art Components of the NORMAN FORWARD Program**

The NORMAN FORWARD Ordinance directs that up to one percent (1%) of the construction cost of the “major” projects be allocated for public art components of the projects. The projects that have been preliminarily identified as sites for public art installations include the East and Central Branch Libraries; Westwood Aquatic and Tennis Centers; the Indoor Multi-Sport Facility; the Indoor Aquatic Center; Ruby Grant, Andrews and Saxon Community Parks; the Reaves Baseball/Softball Complex; and the Griffin Soccer Complex. The most ambitious and stunning public art installation in Norman’s history, “Unbound”, was unveiled at the Norman Public Library, Central in 2019. Selection processes are ongoing for art installations at Ruby Grant Park and Reaves Park.

## **Griffin Soccer Complex Land Acquisition**

The NORMAN FORWARD program was adjusted due to City negotiations with the Oklahoma Department of Mental Health and Substance Abuse Services for a long term lease of the Griffin Park Soccer Complex land, whether than an outright purchase of the land, as was envisioned originally. The land will be leased for approximately \$80,000 per year for the life of NORMAN FORWARD and beyond (30 years of payments will be made from NORMAN FORWARD funds). This change in the program saved an estimated \$7,600,000 in programmed funds, which the City Council re-programmed to fund the construction of a new, stand-alone Senior Citizen’s Center. The Board endorsed this lease/purchase arrangement at its February, 2019 meeting.

## **Facility Operations**

The Board has had ongoing discussions of the operational costs of the facilities that are being constructed with NFST proceeds. NORMAN FORWARD has limited allocations for operational costs, and the Board is concerned with the long-term operational costs of the new facilities. While these concerns will not be realized until the facilities have been completed, the Board recognizes the need to balance operational revenue generation with the goal of maximizing the facility access for residents.

## **Summary**

Summarized information on collections and expenditures from the Norman Forward Sales Tax, along with the most recently-updated Pro Forma Financial Projections prepared for the CFOB is attached.

The NORMAN FORWARD Citizen Financial Oversight Board is extremely excited about the progress of the NFST program to date, and the completion of its biggest project. The Board believes that the projects are progressing well, for the most part on time, and within their budgets. The Council/Norman Municipal Authority actions taken to implement the NFST Ordinance have been in compliance with the direction approved by the voters of Norman. While there are concerns about the shortfall in sales tax revenue and the cost escalation being experienced in recently-designed projects, a great deal of credit is due to

the engaged Norman public, the City Council, the various Ad Hoc project committees, City staff, and the program management firm for this progress. The Board looks forward to its continuing role in this success.