

# Tax Increment District No. 5 City of Broken Arrow Sunset at Broken Arrow Amphitheater Project

## City of Broken Arrow Public Hearing #1

Sunset at Broken Arrow  
Economic Development Project Plan

and proposed

Creation of Increment District No. 5

January 2, 2024

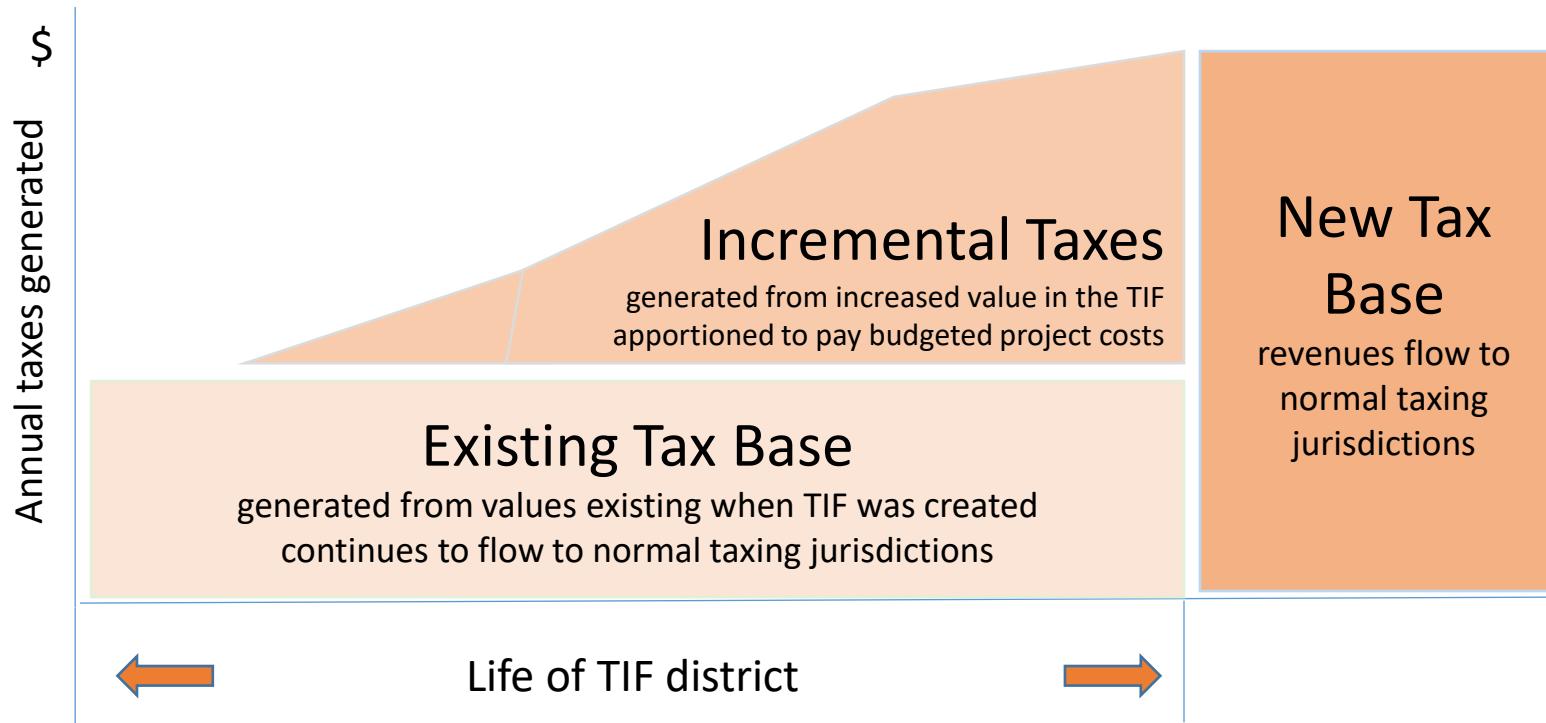
# Tax Increment District No. 5 – City of Broken Arrow

## What is a TIF?

- Tax Increment District (TIF)
  - Authorized by Article X, Section 6C of Oklahoma Constitution
  - Established pursuant to Local Development Act, Title 62, Oklahoma Statutes, Section 850 *et seq.*
  - Apportions the “increment” of new tax revenue generated within the TIF to finance certain identified project costs
- A TIF is an economic development tool used to incentivize capital investment in undeveloped or underdeveloped property in order to enhance the tax base and create employment opportunities within the City.
- Created by City Ordinance after completion of the TIF Process

# Tax Incremental District No. 5 – City of Broken Arrow

## What is a TIF?



Basic TIF Model – Value Generation and Capture

# Tax Increment District No. 5 – City of Broken Arrow

## What is the TIF Process?

- Determination of Eligibility
  - Enterprise Area; Historic Preservation Area; Reinvestment Area
- Development of Project Plan
  - Duration (up to 25 full fiscal years from Commencement Date)
  - Capture of TIF Revenues (up to 100% of local tax revenues – ad valorem tax, sales tax, hotel tax, etc.)
  - Boundaries
    - Increment District – area where new tax revenues are captured
    - Project Area – area where project related activities may occur
  - Proposed Project and related Infrastructure Improvements
  - Proposed Allocation of TIF Revenues
- Statutory TIF Review Committee
  - Comprised of representatives of City Council, City Planning Commission, affected taxing jurisdictions and other at-large community members

# Tax Increment District No. 5 – City of Broken Arrow

## What is the TIF Process?

- Affected sales/hotel taxing jurisdictions represented on TIF Review Committee
  - Wagoner County
  - City of Broken Arrow
- Proposed TIF #5 does not capture ad valorem tax
- Project Plan Reviewed by TIF Review Committee
  - Make findings of eligibility and financial impacts on taxing jurisdictions and business activities
  - Make recommendation to City regarding approval of Project Plan
- Project Plan Reviewed by City's Planning Commission
  - Make recommendation to City regarding approval of Project Plan
- Hold two Public Hearings
- City Council considers an Ordinance approving Project Plan and creating TIF

# Increment District No. 5, City of Broken Arrow

## What are the proposed new TIF details?

- Creation of a new sales tax and hotel tax TIF area including Broken Arrow Events Park (21101 E 101<sup>st</sup> Street just east of Creek Turnpike) and surrounding non-residential property to support development of:
  - Sunset at Broken Arrow Amphitheater Project
  - Additional Development Project
    - Anticipated additional commercial development (restaurants, hotels) along surrounding arterial roads
- Original Term of approximately 25 years (expiring June 30, 2049)
- Capture a portion of new “incremental” sales and hotel tax revenues
  - Existing “baseline” taxes unaffected
  - Capture 100% of new “incremental” City sales tax revenues from Amphitheater Project
  - Capture 50% of new “incremental” City sales tax revenues from Additional Development
    - Excludes businesses that relocate from elsewhere in Broken Arrow
  - Capture 100% of new “incremental” City hotel tax revenues
    - Represents all of total 4.0% City hotel tax
  - Capture a portion of new “incremental” Wagoner County sales tax revenues
    - 100% in calendar years 2024-2027; 75% in 2028-2029; 50% in 2030-2031; and 25% in 2032-2033
  - 100% of any Oklahoma Local Development and Enterprise Zone Incentive Leverage Act incentive payments received from State of Oklahoma

## Proposed Increment District No. 5

### What is the Sunset Amphitheater Project?

- Develop a destination entertainment experience that will draw regional and out-of-state traffic to Broken Arrow
  - 12,500 seat outdoor performance and events venue (Notes Live, Inc.)
    - Located on property immediately north of Broken Arrow Events Park
  - Projected opening by December 2025
  - Projected Capital Investment in excess of \$71.5 million
  - Projected \$85.5 million annual retail sales (ticketing, concessions, merchandise)
  - 459 construction jobs (\$39.9M payroll, \$141M economic impact)
  - 240 permanent direct jobs and 393 indirect jobs (\$18.3M annual payroll, \$211.2M annual economic impact)
- Opportunities for significant Additional Development within the Increment District area



NOTES LIVE

SUNSET AMPHITHEATER  
Broken Arrow, Oklahoma

BCA STUDIOS  
ARCHITECTS  
GAINESVILLE | ATLANTA



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NOTES LIVE

SUNSET AMPHITHEATER  
12,500 SEATS

BCA STUDIOS  
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NOTES LIVE

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NOTES LIVE

## SUNSET AMPHITHEATER

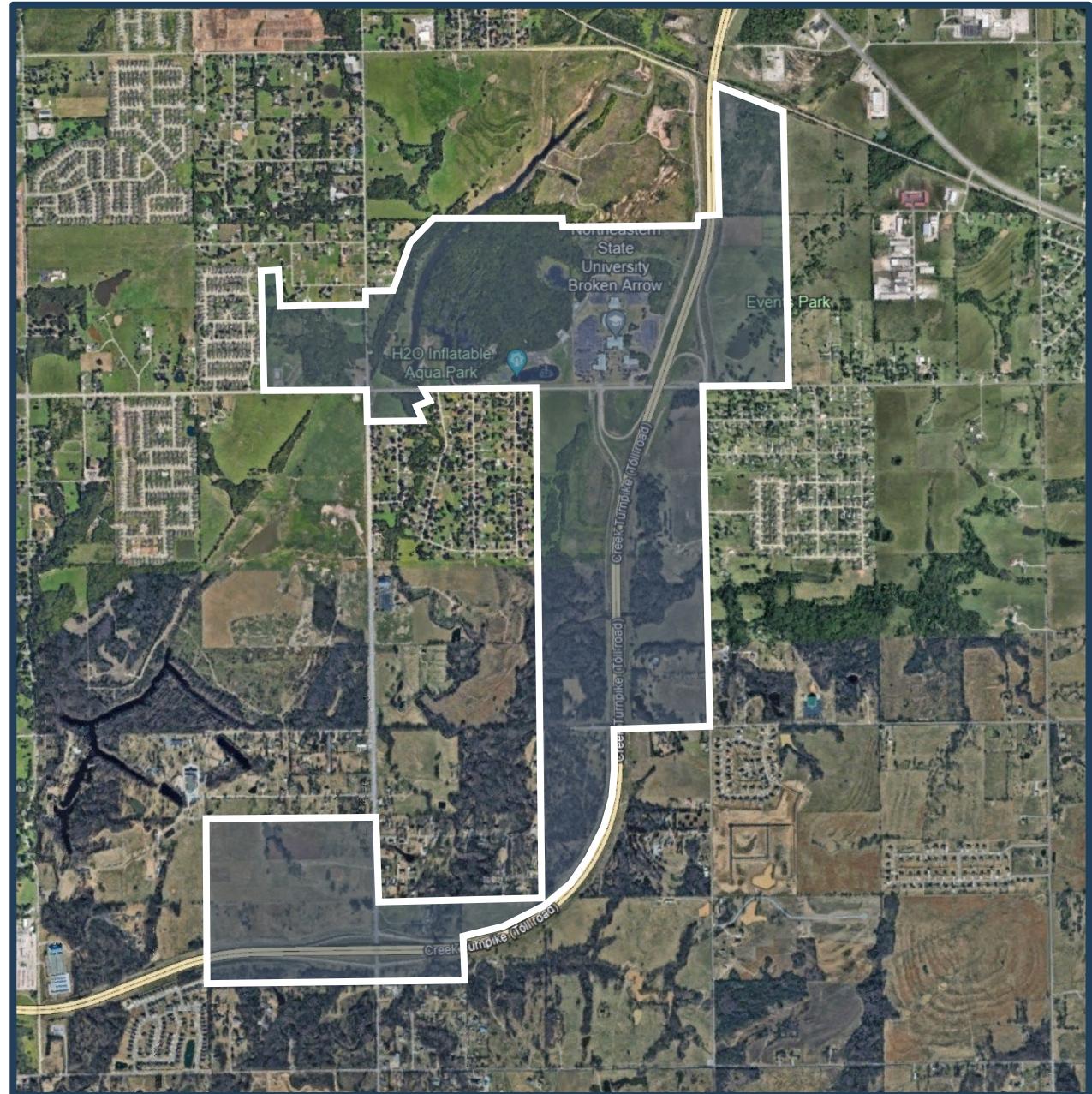
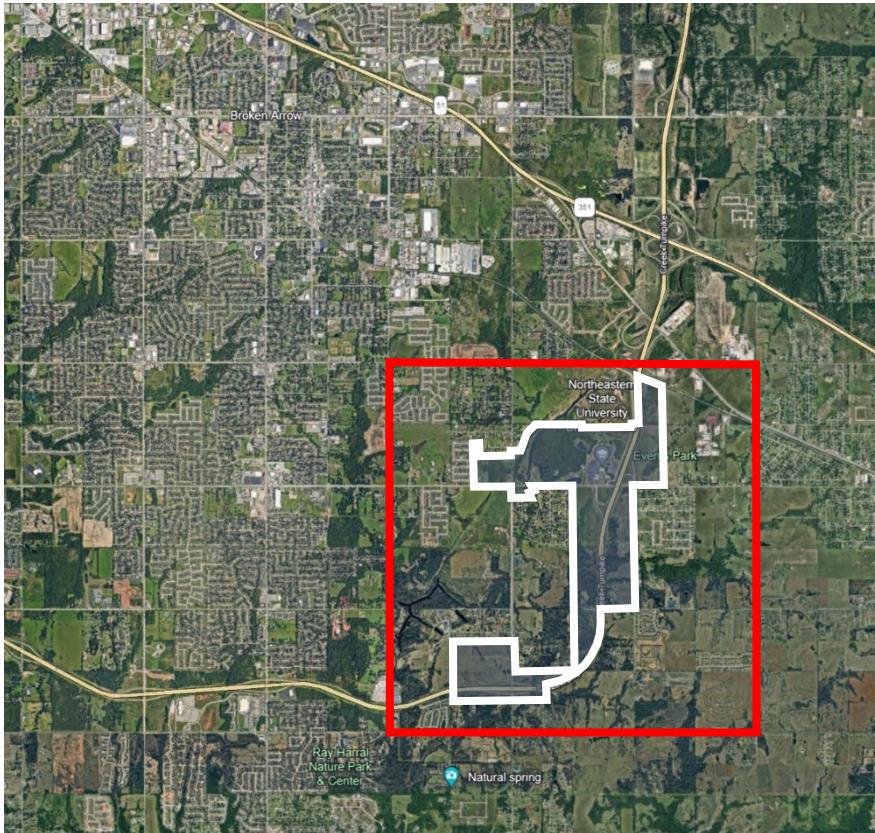
Club Suites

bcg BCA-STUDIOS  
ARCHITECTS  
GAINESVILLE | ATLANTA

# Increment District No. 5, City of Broken Arrow

## Increment District Boundaries

## Project Area Boundaries



# Increment District No. 5, City of Broken Arrow

## What are the Identified TIF Project Costs?

- Estimated construction Project Costs totaling \$28,450,000
  - Parking Infrastructure (\$7.2 million) in and near BA Events Park
  - Stormwater Infrastructure (\$2.3 million) in and near BA Events Park
  - Traffic Infrastructure (\$10.3 million) including Events Park road improvements and access to arterial roadways
  - Utilities Infrastructure (\$550,000)
  - Land Acquisition (\$2.2 million)
  - Project Engineering and Contingencies (\$6 million)
- Additional potential TIF Costs
  - Organizational Costs (\$100,000)
  - Administration Costs (\$250,000)
  - Financing Costs (\$50.36 million)

# Increment District No. 5, City of Broken Arrow

## What are the projected TIF revenues?

- Estimated \$258.15 million aggregate projected Sales Tax Revenues (State, County, and City)
  - TIF Revenues: \$97.20 million allocated to TIF Project Costs (\$90.96 million City Sales Tax, \$6.24 million County Sales Tax)
  - \$7.05 million allocated to the City of Broken Arrow (3.55% City Sales Tax)
  - \$29.65 million allocated to Wagoner County (1.3% County Sales Tax)
  - \$124.25 million allocated to State of Oklahoma (4.5% State Sales Tax)
- Estimated \$4.31 million aggregate projected Hotel Tax TIF Revenues
  - \$4.31 million allocated to TIF Project Costs (4.0% City Hotel Tax)
- Estimated \$23.63 million aggregate projected Fee by Agreement TIF Revenues
  - Based on 1.0% taxable sales surcharge levied by Amphitheater Project operator
- Certain Sales and Hotel Tax TIF Revenues may qualify for Leverage Act incentive payments from State of Oklahoma sales tax net benefit
  - All incentive payments allocated to TIF Project Costs (potential up to \$124.33 million)
- **Total Projected TIF Revenues: \$125.15 million (estimate; not including Leverage Act payments)**
- Estimated \$23.67 million aggregate projected Ad Valorem tax revenues
  - No ad valorem taxes allocated to TIF Project Costs
  - \$14.96 million allocated to Broken Arrow Public Schools

# Increment District No. 5, City of Broken Arrow

## What is the oversight of the TIF revenues?

- City will apportion TIF revenues pursuant to the respective Project Plan
  - City Manager listed as person in charge of implementation
  - City will approve public agreements with developers as appropriate
- Assistance in Development Financing for Developers
  - Direct Incentive representing reimbursement of public infrastructure costs incurred by developer(s) on behalf of City
  - Pursuant to a public development agreement approved by City and/or public trust on behalf of City
- Infrastructure Projects undertaken by City
  - Public construction contracts (subject to competitive bidding), approved by City, subject to City annual auditing

## Increment District No. 5, City of Broken Arrow

### What are the expected impacts of the Projects?

- Impacts on Taxing Entities
  - Increase in population and associated needs (capital infrastructure and service demands)
  - Destination experiences will attract increased visitors to the City
    - These visitors result in new spending within the City that will enhance sales and hotel tax collections benefiting City's ability to fund other public improvements
  - Ancillary development outside of TIF District may generate additional revenue for taxing entities

## Increment District No. 5, City of Broken Arrow

### What are the expected impacts of the Projects?

- Impacts on Business Activities
  - New business inside Increment District areas will create short-term and long-term employment opportunities
    - Short-term and long-term payroll will likely result in increased spending within the City benefitting local businesses
  - Destination experiences will attract increased visitors to the City
    - These visitors result in new spending within the City that will enhance opportunities for local merchants to provide additional goods and services

# Proposed Increment Districts, City of Broken Arrow

## Remaining Steps

- October 3 – BAEDA/City Approval of Economic Development Agreement with Sunset at Broken Arrow LLC (COMPLETE)
- December 7 – TIF Review Committee Meeting (COMPLETE – RECOMMENDED APPROVAL)
- December 14 – Planning Commission Meeting (COMPLETE – RECOMMENDED APPROVAL)
- January 2 – Public Hearing #1 at 6:30pm
  - Held during Broken Arrow City Council Regular Meeting, 220 South 1st Street, Broken Arrow, OK 74012
- January 16 – Public Hearing #2 at 6:30pm
  - To be held during Broken Arrow City Council Regular Meeting, 220 South 1st Street, Broken Arrow, OK 74012
- January 16 – City Council Meeting to consider adoption of TIF Ordinance (creation of Increment District No. 5)