

GUYMON-SEABOARD EXPANSION ECONOMIC DEVELOPMENT PROJECT PLAN

CITY OF GUYMON, OKLAHOMA

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Recommended by Review Committee _____
Adopted by City Council _____

GUYMON-SEABOARD EXPANSION
ECONOMIC DEVELOPMENT PROJECT PLAN

I. Description of Project

This Project Plan contemplates an economic development project involving the expansion of the current Seaboard Foods (“Seaboard”) food processing facility (“Plant”) located in the northeast portion of the corporate boundaries of the City of Guymon (“City”). The Plant’s initial decision to located in Texas County, as well as its initial construction (which involved over \$65 million in private investment and resulted in over 1,500 full-time jobs), was assisted by a Project Plan and Increment District No. 1, City of Guymon, which will terminate prior to the effective date of this Project Plan. The Plant’s expansion will involve new investment of approximately \$100 million, including approximately \$20 million in real property improvements and \$80 million in personal property capital investments (“Project”). Once completed, the Project is anticipated to create approximately 60 new jobs with average starting wages of approximately \$12–\$15 per hour.

The Project is expected to expand employment, bring new residents, and stimulate additional private development in the City and surrounding areas. Financing of the Project will come from a combination of private and public sources, including apportionment of ad valorem tax increments from the increment district created by this Project Plan. Any public financial assistance made available to facilitate the Project will be governed by this Project Plan and the terms of a separate economic development agreement to be entered into by and among the City, the Guymon Industrial Authority, and Seaboard.

II. Project Area and Increment District Boundaries

The Project Area is the area in which Project activities will take place. The Project Area includes the Guymon Industrial Park and the land where the City’s wastewater treatment facility are located. The increment district, the area within which the tax increment will be generated, consists of the Plant site, and shall be coextensive with the former Increment District No. 1, City of Guymon, which is to be terminated prior to the effective date of the new increment district established by this Project Plan. The new increment district shall be designated as Increment District No. 2, City of Guymon (“Increment District No. 2”). The map attached as “Exhibit A” shows the boundaries of the Project Area and Increment District No. 2. “Exhibit B” includes legal descriptions of the boundaries of both the Project Area and Increment District No. 2.

III. Eligibility of Project

The Project Area (including Increment District No. 2) qualifies as a “reinvestment area,” as defined in the Oklahoma Local Development Act, 62 O.S. § 850, *et seq.* (“Local Development Act”) by virtue of the significant expansion and upgrade to the City’s wastewater treatment facility that is required to be able to effectively treat the Plant upon completion of the Project. The current capacity of the wastewater treatment facility is below the anticipated wastewater service needs for the Project, and will be necessary for the Project to enter production after completion.

IV. Objectives

The purpose of the Project and Increment District No. 2 is to support the achievement of the economic development objectives of the City, in order to:

- A. Support and retain major investment in the area;
- B. Serve as a catalyst for retaining and expanding employment in the area;
- C. Promote economic development to increase tax revenues, raise property values, and improve economic stability;
- D. Preserve and enhance the tax base; and
- E. Make possible public improvements necessary for the investment, development and economic growth from the Project to occur, which would otherwise be difficult but possible.

V. Statement of Principal Actions

Implementation actions for the Project, including all necessary, appropriate and supportive steps, will consist of the following: Negotiation, preparation, execution, and implementation of the economic development agreement, as well as construction and equipping of the Plant by Seaboard, as authorized by the Local Development Act; construction of the necessary improvements to the City's wastewater treatment facility; provision of a specific revenue source for the Guymon Public Schools; and all other actions necessary and appropriate to carry out the Project as authorized by the Local Development Act and this Project Plan.

VI. Establishment of Increment District No. 2, City of Guymon

A. This Project Plan creates Increment District No. 2, City of Guymon, which is an ad valorem increment district. Increment District No. 2 shall become effective on December 31, 2019.

B. The ad valorem increment for Increment District No. 2 is the ad valorem revenue in excess of the revenue generated by the base assessed value of the increment district (*i.e.*, the new revenue attributable to increases in the value of the increment district). The increment of ad valorem taxes from Increment District No. 2 in excess of the base assessed value of Increment District No. 2 shall be apportioned to pay Project Costs authorized by Section VIII of this Project Plan for a period not to exceed twenty-five (25) fiscal years following the effective date indicated in Section VI.A above.

C. During the period of apportionment, the ad valorem apportionment fund (1) shall be available to pay Project Costs under Section VIII, (2) shall constitute special funds of the Guymon Industrial Authority, and (3) shall not be subject to annual appropriation as a part of the general fund of the City.

VII. Project and Increment District Authorizations

A. The Guymon Industrial Authority, a public trust, is designated and authorized as the principal public entity to carry out and administer the provisions of this Project Plan and to exercise all powers necessary or appropriate thereto pursuant 62 O.S. § 854, except for those powers indicated in 62 O.S. § 854, paragraphs 1, 4, and 7, which are to be reserved by the City. The Guymon Industrial Authority is authorized to: (1) issue tax apportionment bonds or notes, or both; (2) incur Project Costs pursuant to Section VIII of this Project Plan; (3) provide funds to or reimburse the City or other public entities that the City may designate for the payment of Project Costs and other costs incurred in support of the implementation of the Project; and (4) incur the cost of issuance of bonds for payment of such costs and to accumulate appropriate reserves, if any, in connection with them. “Project Costs” shall mean the public costs authorized to be paid by apportioned tax increments pursuant to Section VIII of this Project Plan, including, without limitation, additional costs necessary or appropriate to implement this Project Plan, as provided in Section VIII.B.

B. The City is authorized to assist in carrying out the provisions and objectives of this Project Plan and to exercise any powers necessary or appropriate thereto, including those powers reserved by the City as indicated in Section VII.A., as provided in the Local Development Act, 62 O.S. § 854.

C. The City may designate and authorize additional public entities to assist with carrying out and administering the provisions of this Project Plan and to exercise any powers it believes necessary or appropriate thereto, including any powers described in 62 O.S. § 854 except for those powers indicated in 62 O.S. § 854, paragraphs 1, 4, and 7, which are to be reserved by the City.

D. The City Manager of the City, his successor in office, or the City Manager’s designee shall be the person in charge of implementation of the Project Plan in accordance with the provisions, authorizations, and respective delegations of responsibilities contained in this Project Plan. The City Manager, his successor in office, or the City Manager’s designee is authorized to empower one or more designees to exercise responsibilities in connection with Project implementation.

VIII. Budget of Estimated Project Costs

Project costs to be paid by the apportionment of tax increments from Increment District No. 2 are:

A. The costs incurred or to be incurred by the Guymon Industrial Authority, or any other public entity that the City may designate pursuant to Section VII.C. of this Project Plan, in implementing and administering this Project Plan, including, but not limited to, payment and/or reimbursement of costs advanced in connection with the preparation and approval of this Project Plan, administrative costs, organizational costs, professional service costs, and financing costs and fees.

B. Authorized Project Cost Limits.

Specific Revenue Source for Guymon Public Schools		\$	4,375,000.00
Public Improvements*	<i>not to exceed</i>	\$	4,000,000.00
Assistance in Development Financing*	<i>not to exceed</i>	\$	2,500,000.00
Administration and Implementation		\$	<u>590,000.00</u>
MAXIMUM AUTHORIZED COLLECTIONS/EXPENDITURES:		\$	11,465,000.00

Amounts authorized for specific budget categories listed above are for principal costs only, and do not include interest, costs of issuance, or any necessary reserves.

*The amounts authorized for “Public Improvements” and “Assistance in Development Financing” are based on increment revenue being required to fully fund \$4,000,000.00 in principal for the wastewater facility and other public improvements for the Project. In the event non-increment revenue sources become available to fund these improvements, or in the event that the actual cost of the public improvements are less than \$4,000,000.00 in principal (i.e., not including interest or financing charges), the balance of this category will be transferred to “Assistance in Development Financing” or applied to other public improvements approved by Seaboard.

C. Specific Revenue Source. \$175,000.00 of the ad valorem increment from Increment District No. 2 shall be apportioned annually to Guymon Public Schools as a specific revenue source for a public entity in the area in accordance with Section 853(9) of the Local Development Act, to be utilized to enhance its programs, mission, and services, and to assist with capital expenses, including the development, rehabilitation, or maintenance of public school facilities and assistance for public school programs. Specific revenue source allocations are to be paid from increment revenues annually prior to any expenditures for other purposes.

IX. Financing Plan and Revenue Sources

A. Financing Plan. The authorized public costs of the Project will be funded by the increment generated from the development of the Project within Increment District No. 2.

B. Financing Authorizations. The implementation of the Project Plan shall be financed in accordance with financial authorizations provided from time to time by the Guymon City Council and the Guymon Industrial Authority Board of Trustees.

C. Financing Revenue Sources. The principal revenue sources expected to finance Project Costs authorized by Section VIII are the portion of the increments generated by values in excess of the base assessed value within Increment District No. 2. Project Costs will be paid by the Guymon Industrial Authority, the City, or any other public entity designated by the City pursuant to Section VII.C. above.

D. Financial Reports and Audits. The development activities undertaken by the Guymon Industrial Authority, the City, or other public entity designated by the City pursuant to

this Project Plan, shall be accounted for and reported by the appropriate and necessary annual fiscal year audits and reports.

E. Other Necessary and Supporting Costs. The City, the Guymon Industrial Authority, and any other public entity the City authorizes pursuant to Section VII.C. of this Project Plan are authorized to apply for and obtain grants from other sources for costs incurred or to be incurred in connection with the Project and the construction of facilities therein in addition to Project Costs to be financed pursuant to Section VIII.

X. Estimated Private and Public Investments Stimulated by the Project, and Associated Financial Impacts

A. Private and Public Investments Expected from the Project and Increment District No. 2. Private investment in the Project is expected to be over \$100,000,000. Public investments in the Project are limited to the amounts listed in Section VIII.

B. Public Revenue Estimated to Accrue from the Project and Increment District No. 2. The estimated incremental increases in ad valorem revenue, which will serve as the revenue source for financing the Project Costs authorized by Section VIII, is the public revenue directly attributable to the Project defined by establishment of Increment District No. 2. Incremental ad valorem tax revenues are estimated to range between \$900,000 annually in the near term, gradually decreasing (due to anticipated depreciation schedules) to the point where it is anticipated to approximately \$380,000 annually in the later years of Increment District No. 2's effective life.

C. Financial Impacts on Taxing Jurisdictions. In addition to the revenue that will be gained by the termination of the current Increment District No. 1, City of Guymon, and revenues allocated to Guymon Public Schools as a specific revenue source as described in Section VIII.C, the public revenue anticipated to result from the development of the Project and the attendant increases in employment includes increased ad valorem tax revenue both inside and outside of Increment District No. 2, increased sales tax receipts in the City and surrounding cities, as well as increased income tax revenues to the State of Oklahoma.

i. *Guymon Public Schools (and other school districts).* Guymon Public Schools will experience little to no measurable negative impact as a result of the Project because the Project will be stimulated by the public assistance and investment in the area. During the life of Increment District No. 2, the \$175,00 specific revenue source allocations to the school district will result in a greater financial benefit to the school district than its ad valorem taxes would generate if the Project moved forward without this Project Plan. Over a 25-year period, this increased benefit would be over \$2 million. Additionally, it is anticipated Guymon Public Schools will experience an increase in net operational revenue (*i.e.*, based on current millage rates, not including sinking fund levies, and accounting for state school aid offsets) of approximately \$62,000 annually when Increment District No. 2 terminates in 2045.

The employment to be generated by the Project will indirectly generate new ad valorem taxes for Guymon Public Schools and other area school districts, but without knowing the specific breakdown of where employees will live or shop, a concrete projection cannot be made at this time. Once Increment District No. 2 terminates, an additional \$21,000 is anticipated to be

collected annually from the countywide school levy for allocation to Texas County school districts pursuant to their relative attendance figures.

ii. *Texas County.* No specific measurable demand for increased services upon Texas County is anticipated to result from the Project. The County can reasonably anticipate an estimated \$53,000 in additional annual operational revenues when Increment District No. 2 terminates.

iii. *Texas County Health Department.* The Texas County Health Department is positively affected by new employment that the Project will generate. When Increment District No. 2 terminates in 2045, the Health Department can reasonably anticipate experiencing a modest \$8,500 annual increase in ad valorem revenue.

iv. *City of Guymon (and other municipalities).* The employment to be generated by the Project will indirectly generate new sales taxes for the City and other area municipalities, but without knowing the specific breakdown of where employees will live or shop, a concrete projection cannot be made at this time.

D. Impacts on Business Activities. Based on a projected private investment of \$100,000,000, including approximately \$20 million in real property improvements, and using generally accepted formulas, the Project is expected to generate the following construction and development economic impacts over time:

Projected Development:	\$ 20,000,000
Temporary Jobs Supported ¹ :	300
Temporary Payroll Supported ² :	\$ 13,041,000

The continued annual impact of the Project on the community is of greater significance. The Project is anticipated to create approximately 60 new, permanent jobs at the Plant, each paying between \$12–15 per hour. The indirect and induced impacts of these new jobs reflect corresponding growth in economic demands for a spectrum of business activities in the retail, commercial, technical, industrial and office categories, as well as the increased demand for housing and other consumer goods and services. The continuing and cumulative economic impacts stimulated by the new development are estimated to be as follows:

New Permanent Jobs Supported ³ :	180
New Permanent Payroll Supported ⁴ :	\$ 6,700,800

¹ 10 FTEs / \$1 million; 1.5 Impact Multiplier.

² Average wage of supported job: \$43,470 annually (Source: BLS 1-year construction occupation annual mean wage for Texas County).

³ 60 new jobs at the Plant; 3.0 Impact Multiplier.

⁴ Average wage of supported job: \$25,000 for new Seaboard jobs (source: Seaboard); \$43,340 for indirect and induced jobs (Source: BLS annual mean wage data for Texas County).

XI. Miscellaneous Provisions

The current land use and improvements, as well as the proposed new development and expansion of the Plant, are shown and described on Exhibit C. No zoning or comprehensive plan changes are necessary to support the Project.

Exhibit A: Project Area and Increment District Map

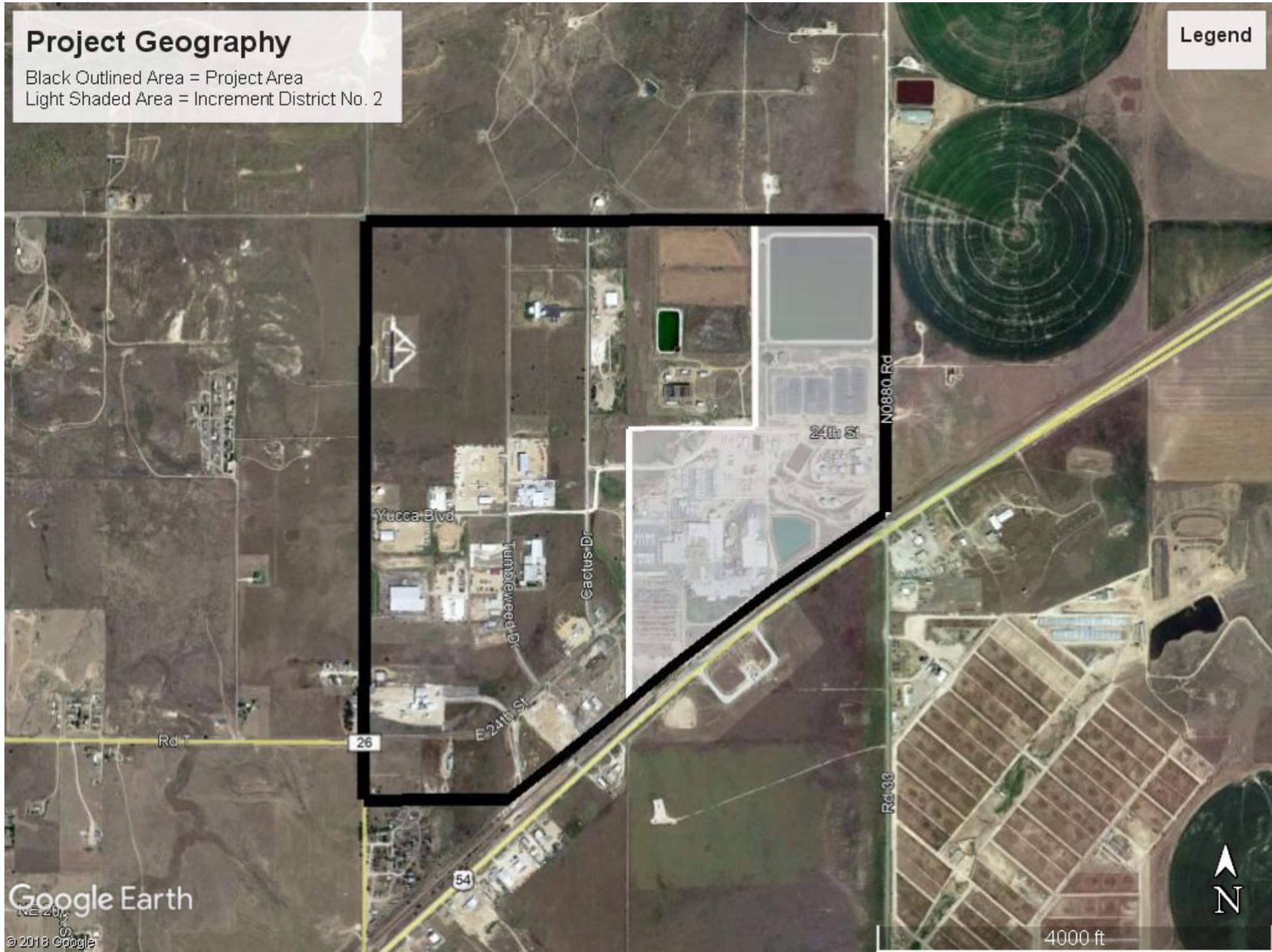


Exhibit A

Exhibit B:
Project Area and Increment District Legal Descriptions

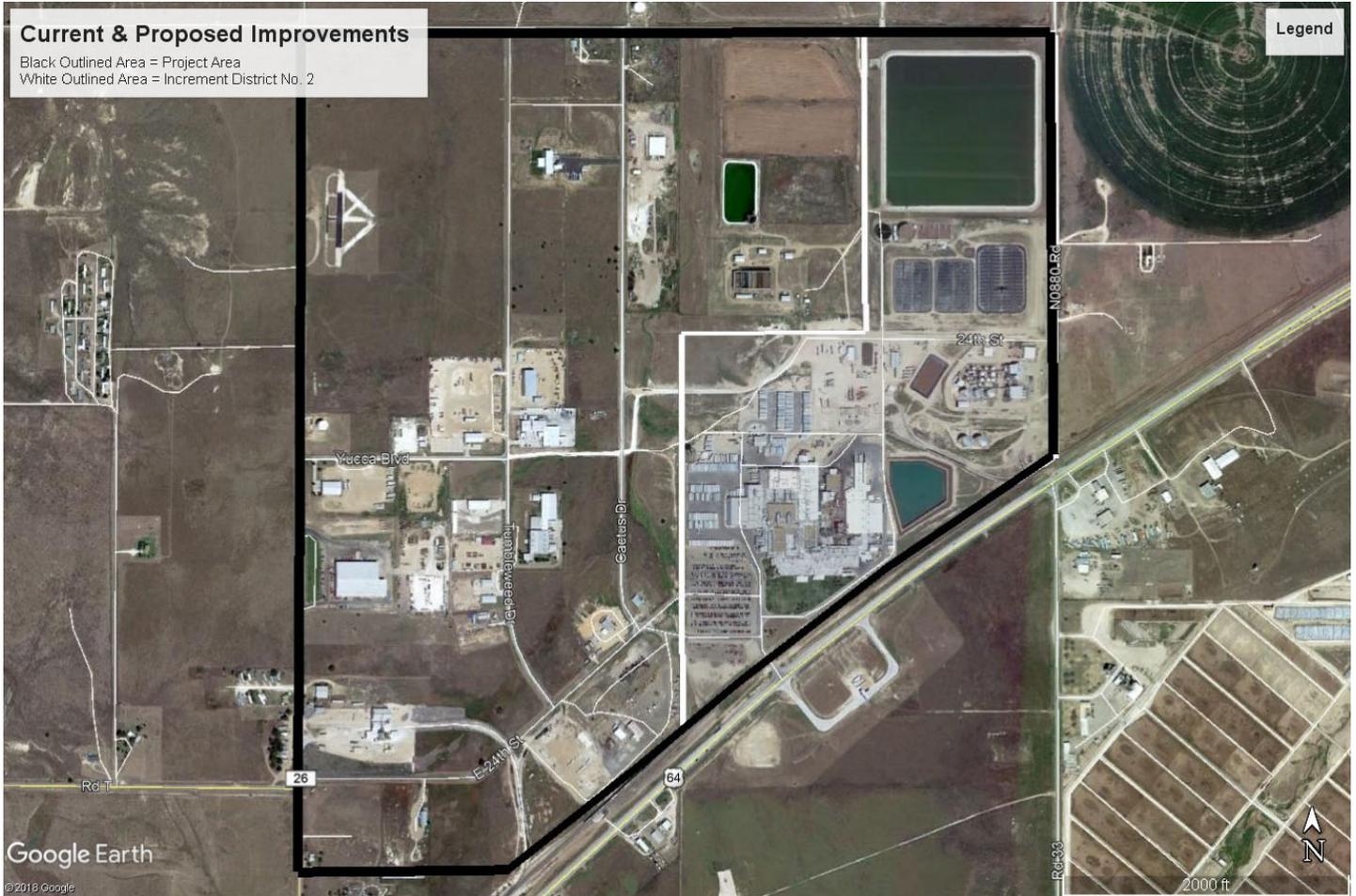
Project Area Legal Description

All of Section Twenty-one (21), Township Three (3) North, Range Fifteen (15) East C.M., Texas County, Oklahoma, which is located North of the North right-of-way boundary of the St. Louis Southwestern Railway Company.

Increment District No. 2 Legal Description

All of the East Half (E/2) of Section 21, Township Three (3) North, Range Fifteen (15) East, C.M., Texas County, Oklahoma, lying North of the Chicago, Rock Island and Pacific Railroad right-of-way; EXCEPT 60.4 acres out of the Northwest corner of the Northeast Quarter (NE/4) of said Section Twenty-one (21), aforesaid, described as follows, to-wit: A tract of land located in the West Half of the Northeast Quarter (W/2 of NE/4) of Section Twenty-one (21), Township Three (3) North, Range Fifteen (15) East, C.M., Texas County, Oklahoma, beginning at the Northwest Corner of the Northeast Quarter (NE/ 4) , thence east along the north line of Section 21, aforesaid, a distance of 1318.85' to a point; thence south parallel to the half section line a distance of 1995' to a point; thence west parallel to the north line of Section 21, aforesaid, a distance of 1318.85' to the half section line; thence North along the half section line a distance of 1995' to the point of beginning; said tract containing 60.4 acres out of the northwest corner of the Northeast Quarter (NE/4) of said Section 21, aforesaid.

Exhibit C: Current Land Uses; Proposed Improvements



Current Improvements include the Seaboard Pork Processing Facility and its various components, as well as one of the City's wastewater treatment lagoons.

Proposed Improvements consists of three separate phases of capital reinvestment in the Pork Processing Facility designed to get the facility fully compliant with the Pork Modernization Act:

- Phase I will consist of six new cooler bays, an new engine room to run the entire facility (consolidating the two existing engine rooms into one), and a purging of the primary ammonia system (including new compressors, condensers, piping, valves, and tanks).
- Phase II will consist of a new freezer (that will be capable of housing six million pounds of meat), a box storage facility for exports; and an expansion of the stockyards for the facility (which is outside of Increment District No. 2).
- Phase III will consist of a new SNAP Chill (which will replace all existing bays throughout the facility).