CITY OF NORMAN, OK

STAFF REPORT

MEETING DATE: 07/14/2026

REQUESTER: Jason Olsen, Director of Parks and Recreation

PRESENTER: Jason Olsen, Director of Parks and Recreation

ITEM TITLE: CONSIDERATION OF APPROVAL, REJECTION, AMENDMENT AND/OR POSTPONEMENT OF CONTRACT K-2526-189: A CONTRACT BY AND BETWEEN THE CITY OF NORMAN, OKLAHOMA AND THE NORMAN ARTS COUNCIL, INC. FOR THE PROMOTION OF ARTS PROGRAMS TO ENCOURAGE, PROMOTE AND FOSTER THE CONVENTION AND TOURISM DEVELOPMENT OF THE CITY, AND TO PROVIDE FOR THE ADMINISTRATION OF THE TAX AND ALLOCATION OF A PORTION OF TRANSIENT GUEST ROOM TAX REVENUES COLLECTED IN NORMAN FOR SAID SERVICES.

BACKGROUND:

An ordinance known as the “Norman Transient Guest Room Tax Ordinance” directs imposition within the City of an excise tax upon the gross proceeds derived from rents received from occupancy of hotel rooms. Section 12-521 of the Code directs that the taxes collected be set aside and used exclusively for the purpose of encouraging, promoting, and fostering the convention and tourism development of the City. Section 12-521 explicitly states that uses of the tax in parks development and in the promotion of arts and humanities are contemplated.

NAC was founded in 1976 to enrich the Norman community by stimulating artistic, cultural, and economic growth through the support and promotion of the arts. NAC first contracted with the City in 1989, as the Norman Arts and Humanities Council, for the administration of arts and humanities promotion within the City of Norman, including gathering and distribution of ideas, research, and information designed to educate Norman citizens, assisting with the development and promotion of local arts and humanities activities and attractions through the Transient Guest Room Tax Grants Program, and enhancing the City of Norman’s desirability to participants in arts and humanities activities. NAC’s exhibits, art walks, art education experiences, and festivals have drawn more than one million visitors each year to Norman. The allocation of Guest Room Tax proceeds has been set out by contract. Historically, the City has retained a percentage of the tax proceeds to cover administration costs, and of the remainder, 25% was allocated to Norman Arts Council (“NAC”), 25% to the Norman Parks Department, and 50% to Visit Norman.

In 2023, the voters approved an increase to the Guest Room Tax rate from 5% to 8%, with the increased portion being split by NAC and Visit Norman. Following approval of the increase in 2023, the room tax revenues, after the City's 4% administrative fee, were split with 25% of revenues being allocated to NAC, 59.375% to Visit Norman, and 15.625% to the Norman Park's Department.

An increase to the Guest Room Tax rate was approved by the voters in April 2026. After discussions with NAC, Visit Norman, and the City's Finance Department, the staff recommends returning to the traditional allocation. Additional changes to the NAC contract and the Visit Norman contract ensure more consistency in reporting and process, while providing the City with additional information regarding how the tax revenues are spent.

DISCUSSION:

Substantive changes to Contract K-2526-189 are found primarily in Sections 3 and 4. Section 3 provides for quarterly reporting to the City of NAC's activities. This report will now include detailed reporting related to grants provided with the funding received under this Agreement, including grant formulas, eligibility criteria, and grant recipients. Quarterly financial reports, year-end financial reports, and audited financial statements are also required. Additionally, this information will be presented annually to the Board of Parks Commissioners. This contract adds a new requirement for the annual submittal of the completed and filed Form 990 and any associated schedules to further inform an analysis of how the funds are being spent.

Section 4 updates the funding allocations and moves the City from a quarterly remittance schedule to NAC based on estimated revenue, to a monthly remittance schedule based on actual revenues received. Finally, the contract formally implements the City's reserve policy requiring an unappropriated operating reserve fund balance of eight percent (8%) from the tax revenues allocated to NAC.

RECOMMENDATION:

Staff recommends approval of Contract K-2526-189.