

Adopted \_\_\_\_\_

# **11<sup>TH</sup> AND LEWIS CORRIDOR PROJECT PLAN AND SUPPORTING INCREMENT DISTRICTS, CITY OF TULSA**

**PREPARED BY:**

**THE CITY OF TULSA, OKLAHOMA**



**WITH THE ASSISTANCE OF:**

**CENTER FOR ECONOMIC DEVELOPMENT LAW  
301 North Harvey, Suite 100  
Oklahoma City, Oklahoma 73102  
(405) 232-4606  
[econlaw@econlaw.com](mailto:econlaw@econlaw.com)**

**Recommended by Review Committee**

## **I. INTRODUCTION**

The 11<sup>th</sup> and Lewis Corridor Project Plan is a project plan as defined under the Oklahoma Local Development Act, 62 O.S. §850, *et seq.*, and is referred to here as the “Project Plan.” The project is being undertaken by the City of Tulsa (“City”) in order to develop a key intersection along Route 66, achieve the City’s development objectives, improve the quality of life for its citizens, stimulate private investment, and enhance the tax base. Historic Route 66, “America’s Main Street,” runs through the heart of Tulsa and is an important asset the City desires to highlight through development opportunities. The Project Plan seeks to stimulate development of an intersection along Route 66. The increased popularity of Route 66, as well as the enhancement of public improvements throughout the area, allows for an opportunity to provide a significant public benefit and improvement to the quality of life for the residents of Tulsa.

At the heart of this project is the development of a mixed-use project including Tulsa’s first food hall, established by the Lobeck Taylor Family Foundation, including a food incubator program, supporting retail components, and the redevelopment of the long vacant Tulsa Welding School site into mixed-income apartments with mixed-use components and a parking structure. Key to the success of the private investment is enhanced streetscape and pedestrian safety improvements. This Project Plan is a critical element in fostering public-private partnerships to create the type of development that the City seeks but can achieve only by means of the financing tools available under the Oklahoma Local Development Act.

An increment district provides funding for public sector costs to stimulate private commercial development and provide improvements to and beautification of the area in order to create the quality development that the City contemplates. The project will be financed from a combination of public and private sources, including apportionment of ad valorem and sales tax increments from Increment District A and Increment District B, defined below.

## **II. BOUNDARIES OF PROJECT AREA AND INCREMENT DISTRICTS**

The Project Area is the area in which project activities will take place and project expenditures may be made. The Project Area is generally located along East 11<sup>th</sup> Street between U.S. Highway 75 and S. Delaware Avenue, and along South Lewis Avenue between East 16<sup>th</sup> Street and East Archer Avenue.

The Increment Districts are the areas from which the increment is generated. The Project Plan establishes boundaries for two increment districts.

The first increment district is Increment District A. Increment District A will be assigned a number (e.g., Increment District No. 14) when it becomes effective by action of the Tulsa City Council as described in Section VI below and as required by §856(B)(3) of the Act. Increment District A is generally located between South Lewis Avenue and South Atlanta Avenue north of East 11<sup>th</sup> Street and between the railroad tracks and South Lewis Place south of East 11<sup>th</sup> Street.

The second increment district is Increment District B. Increment District B will be assigned a number (e.g., Increment District No. 15) when it becomes effective by action of the Tulsa City Council as described in Section VI below and as required by §856(B)(3) of the Act. Increment District B is generally bounded by S. Yorktown Avenue on the west, East 10<sup>th</sup> Street on the north, S. Lewis Avenue on the east, and East 11<sup>th</sup> Street on the south.

The Project Area is depicted on Exhibit A. The Project Area boundaries are described on Exhibit B. The Increment Districts are depicted on Exhibit C. Increment District A boundaries are described on Exhibit D. Increment District B boundaries are described on Exhibit E.

### **III. ELIGIBILITY OF PROJECT AREA**

The portion of the Project Area including East 11<sup>th</sup> Street and north of East 11<sup>th</sup> Street is an enterprise area. A portion of Increment District A and all of Increment District B is an enterprise area. These areas lie within an enterprise zone, designated by the Oklahoma Department of Commerce to be in a disadvantaged portion of the City of Tulsa. All of the Project Area and the Increment Districts, including the portion of Increment District A south of East 11<sup>th</sup> Street, is a reinvestment area, as defined by the Act. Public improvements are required to serve as a catalyst to expand employment, to attract investment, and to preserve and enhance the tax base.

Investment, development, and economic growth in the area are difficult, but possible if the provisions of the Act are used. The Project Area and Increment Districts are unproductive, undeveloped, underdeveloped, or blighted within the meaning of Article 10, §6C of the Oklahoma Constitution, and suffers from conditions inhibiting development.

### **IV. OBJECTIVES**

The purpose of the Project Plan and the supporting Increment Districts is to create an active, higher-density, and quality mixed-use development at a key intersection of Route 66, as described in Section I above. Incremental tax revenues apportioned from the Increment Districts will be used to pay the public costs of projects that support the following objectives:

- A. To facilitate the development of the property at the intersection of East 11<sup>th</sup> Street and South Lewis Avenue.
- B. To provide a funding mechanism for a substantial portion of the local public investment required to fund identified public infrastructure and enhanced public improvements for the Project Area.
- C. To enhance pedestrian accessibility and safety within the Project Area.
- D. To enhance the tax base and make possible investment, development, and economic growth that would otherwise be difficult without the project and the apportionment of incremental tax revenues.

E. To create destinations and capitalize on the tourist attraction of Route 66 to encourage private investment and activity.

F. To support the development of housing in a variety of types and with a range of prices, including housing that is affordable to residents with incomes at or below the area median.

## **V. STATEMENT OF PRINCIPAL ACTIONS**

Implementation actions for the project, including all necessary, appropriate and supportive steps, will consist principally of the following:

A. Project planning, design and approval.

B. Leveraging private development, including residential, commercial, office, retail, entertainment, and mixed-use, pursuant to development or redevelopment agreements with Tulsa Industrial Authority, a public trust (“Authority”) or another public trust designed by the City.

C. Assisting the financing of other public development costs and facilities, including without limitation planning, financing, acquisition, construction, and long-term leasing or disposition of property and public facilities pursuant to development or redevelopment agreements with private developers or designated public entities, and providing for development of public or private facilities to be financed in whole or in part by apportioned tax increments from the Increment Districts created pursuant to this Project Plan.

D. Financing authorized project costs in support of economic development activities and investment to retain, attract, and expand quality employment within the Project Area.

E. Distribution of a portion of the ad valorem increment to Tulsa Public Schools (Independent School District I-1).

## **VI. ESTABLISHMENT OF INCREMENT DISTRICTS**

A. This Project Plan establishes two Increment Districts, identified herein as Increment District A and Increment District B, both of which are ad valorem and sales tax increment districts.

### **INCREMENT DISTRICT A**

The ad valorem increment shall be those ad valorem taxes from Increment District A in excess of the taxes produced by the base assessed value of Increment District A, as determined by the Tulsa County Assessor in accordance with Section 862 of the Act.

The sales tax increment shall be the undedicated portion of the City’s sales tax (currently, 2%) generated by all sales from new businesses in existence after May 31, 2018, in Increment District A that are taxable under the sales tax code of Oklahoma (including all amendments thereto and revisions thereof).

The increment of ad valorem and sales taxes from Increment District A shall be apportioned to pay Project Costs authorized by Section VIII of this Project Plan for a period not to exceed 25 fiscal years from the effective date of Increment District A, as provided by law, or the period required for the payment of such authorized Project Costs, whichever is less.

Increment District A shall commence as of the date determined by the Tulsa City Council in accordance with Section 856(B)(2) of the Act.

#### **INCREMENT DISTRICT B**

The ad valorem increment shall be those ad valorem taxes from Increment District B in excess of the taxes produced by the base assessed value of Increment District B, as determined by the Tulsa County Assessor in accordance with Section 862 of Act.

The sales tax increment shall be the undedicated portion of the City's sales tax (currently, 2%) generated by all sales from new businesses that open after commencement of Increment District B in Increment District B that are taxable under the sales tax code of Oklahoma (including all amendments thereto and revisions thereof).

The increment of ad valorem and sales taxes from Increment District B shall be apportioned to pay Project Costs authorized by Section VIII of this Project Plan for a period not to exceed 25 fiscal years after the creation of Increment District B by the City or the period required for the payment of such authorized Project Costs, whichever is less.

Increment District B shall commence as of the date determined by the Tulsa City Council in accordance with Section 856(B)(2) of the Act.

B. During each respective period of apportionment, the apportionment fund shall constitute funds of the Authority or an alternative entity authorized by the City and shall not constitute a part of the general fund to be appropriated annually by the City Council.

#### **VII. PROJECT AND INCREMENT DISTRICTS AUTHORIZATIONS**

A. The City 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 as provided in Section 854 of the Act.

B. The Authority, or another public entity designated by the City, is authorized and designated to carry out implementation actions for the project, including all necessary, appropriate, and supportive steps pursuant to one or more development or redevelopment agreements with one or more private developers and to provide assistance in development financing consistent with the provisions of such development and redevelopment agreements. Such public entity is also authorized and designated to carry out those provisions of the project related to issuance of bonds or notes as provided in Sections 854(B) and 863 of the Act, subject to approval of the governing body of the City of any specific notes or bonds. The Authority is authorized to assist in carrying out this Project Plan and to exercise all powers necessary or appropriate thereto pursuant to Section 854 of the Act, except for

approval of this Project Plan and those powers enumerated in paragraphs 1, 2, 3, 4, 7, 13 and 16 of Section 854. As a public entity designated by the City, the Authority, or another public entity designated by the City, is authorized to: (1) issue tax apportionment bonds or notes, or both; (2) pledge revenues from current and future fiscal years to repayment; (3) incur Project Costs pursuant to Section VIII of this Project Plan; (4) provide funds to or reimburse the City for the payment of Project Costs and other costs incurred in support of the implementation of the project; and (5) incur the cost of issuance of bonds for payment of such costs and to accumulate appropriate reserves, if any, in connection with them. As authorized in Section VI(B) above, during each respective period of apportionment, the apportionment fund shall constitute funds of the Authority or an alternative entity authorized by the City for that Increment District and shall not constitute a part of the general fund to be appropriated annually by the City Council.

C. The Chief of Economic Development, Kian Kamas, her successor in office, or another designee of the Mayor 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.

D. Initiation of the consideration and approval process for development proposals seeking assistance in development financing within the Project Area shall be undertaken by City staff and Authority staff, acting under such procedures as each may prescribe from time to time. Prior to expenditure of funds from the Increment Districts established under this Project Plan, the proposed development and budgetary allocation of increment shall be considered by City and Authority staff. Any allocation of increment shall be pursuant to development or redevelopment agreements with private developers or designated public entities.

**VIII. BUDGET OF ESTIMATED PROJECT COSTS TO BE FINANCED BY TAXES APPORTIONED FROM INCREMENT DISTRICTS IN THE PROJECT AREA**

A. The Project Costs will be financed by the apportionment of ad valorem and sales tax increments from the Increment Districts. The Project Costs categories are:

Public Improvements and Infrastructure	\$11,000,000
Assistance in Development Financing	\$11,500,000
Contingency	\$ 500,000
Implementation and Administration	<u>\$ 675,000</u>
<b>TOTAL Project Costs</b>	<b>\$23,675,000</b>

Plus financing costs, costs of issuance, necessary or appropriate reserves, and interest on repayment of Project Costs, including, where authorized, interest on assistance in development financing. The Implementation and Administration Project Cost category includes general administrative and implementation costs of the City and other public entities charged with implementation of the Project Plan, and shall be funded by four percent (4%) of the annual ad valorem tax increments. Project Costs do not include the specific revenue source for Tulsa Public Schools described in Section VIII(C) below.

B. The tax increment revenues expected to be generated from the Increment Districts and authorized for payment of Project Costs within the Project Area are as follows:

Increment District A	\$ 8,350,000
Increment District B	<u>\$15,325,000</u>
<b>TOTAL</b>	<b>\$23,675,000</b>

Plus financing costs, costs of issuance, necessary or appropriate reserves, and interest on repayment of Project Costs, including, where authorized, interest on assistance in development financing.

C. Ten percent (10%) of the ad valorem increment from Increment District A and Increment District B shall be apportioned to Tulsa Public Schools (Independent School District I-1) on an ongoing basis as a specific revenue source for a public entity in the area in accordance with Section 853(9) of the Act to be utilized to enhance its programs, mission, and services. The educational objectives to be funded from such apportioned revenues constitute the Public Schools Enhancement Program. The Public Schools Enhancement Program includes the development of public school facilities and assistance for public school programs. During the effective lives of the Increment Districts, the ten percent (10%) ad valorem specific revenue source should provide Tulsa Public Schools with revenues ranging from \$4,000 annually in the near term and up to \$71,000 annually over the long term.

D. Assistance in Development Financing consists of public support provided to a private developer pursuant to a legally enforceable development or redevelopment agreement to ensure the delivery of the project or specific portions thereof. Assistance in development financing will be provided only for projects that are determined, in the City's discretion: (1) to meet the City's approved development goals and objectives for the Project Area, and (2) to provide adequate consideration and public benefit in return for the public investment.

E. Additional costs necessary or appropriate to implement this Project Plan that are to be financed by other than apportioned tax increments may be approved by the City at any time. The provisions of this Section VIII are not a limitation on project related costs to be financed by sources other than apportioned tax increments.

## **IX. FINANCING PLAN AND REVENUE SOURCES**

A. Financing Plan. Some Project Costs, in anticipation of private investment, may be financed and funded by the City from apportioned tax increments or from sources other than apportioned tax increments, which may be reimbursed once increment is generated by the development within an Increment District. Private developers within the Project Area may be required to construct the necessary improvements for specific projects at their initial expense, and the financing of such private developments will be provided by private sources. Most Project Costs incurred in connection with the implementation of this Project Plan will be financed on a pay-as-you-go basis.

B. Financing Authorizations. The implementation of the Project Plan shall be financed in accordance with financial authorizations, including both fund and asset transfers, authorized from time to time by the City and/or the Authority, as appropriate.

C. Financing Revenue Sources. The revenue sources expected to finance Project Costs authorized by Section VIII are the portion of the increments attributable to investment and development within the Increment Districts. Project Costs will be paid by the City and/or the Authority. Increment generated from within the Increment Districts will provide the funding of Project Costs to be paid by the City and/or Authority.

D. Financial Reports and Audits. The development activities undertaken 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 Authority, or another public entity designated by the City, is authorized to issue bonds and notes and 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 improvements therein in addition to Project Costs to be financed pursuant to Section VIII.

**X. PRIVATE AND PUBLIC INVESTMENTS EXPECTED FOR THE PROJECT**

A. Private and Public Investments Expected from the Project and Increment Districts. Given the scope of the project objectives, the density of the desired development, and the timeframe for implementation of the project, the total private investment of known developments is anticipated to exceed \$45,000,000 over the life of the Project Plan. Additional private investment is anticipated as growth in the area continues. These private investments are in addition to an estimated \$23,675,000 in aggregate public investment.

B. Public Revenue Estimated to Accrue from the Project and Increment Districts. The estimated incremental increases in ad valorem and sales tax 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 the Increment Districts. Both the City and the State will experience increases in tax revenues that are not a part of the Increment Districts. Ad valorem taxing entities will experience additional revenues from increasing values of the Project Area and other property near the project.

The development anticipated by the project will not result in a measurable increase in demand for services by or in costs to the affected taxing entities. The impacts on business activities within the Increment Districts are positive. The economic benefits of the project for the City, the affected taxing jurisdictions, and business activities indicate positive financial impacts for the community as a whole. The aggregate impacts on the City from implementation of the Project Plan are positive and include the achievement of the objectives set forth in Section IV.



**XI. LAND USE**

Existing uses and conditions of real property in the Increment Districts are shown on the attached Exhibit F. A map showing the proposed improvements to and proposed uses of the real property in the Increment Districts are shown on the attached Exhibit G. No changes in the Comprehensive Plan are necessary to accommodate the project.