
TULSA DEVELOPMENT AUTHORITY BOARD MEETING

MEETING OF: April 6, 2017

TO: CHAIRMAN AND BOARD MEMBERS
FROM: OFFICE OF TULSA DEVELOPMENT AUTHORITY
SUBJECT: 410 S BOSTON AVE (FIRST PLACE GARAGE) – FIRST PLACE LLC
REQUEST UNDER LOCAL DEVELOPMENT ACT

Background: **Redeveloper:** First Place, LLC
 Owner: First Place, LLC
 Developer: Daniel Regan
 Engineer: N/A
 Location: 410 S. Boston Ave., Tulsa OK (First Place Garage)
 Size of Tract: 1.19 Acres
 Number of Lots: LT 5 BLK 136 TULSA – ORIGINAL TOWN & LTS 2, 4, & 5
 BLK 1 FIRST PLACE ADDN RESUB PRT L1-3 & 6-7 B136,
 ORIGINAL TOWNSHIP TULSA

Development Area: Downtown Area Master Plan – Downtown Tulsa
Comp Plan: Downtown Master Plan
Fair Market Value: \$13,289,200 (Based on 2016 Tulsa County Assessor FMV)
Staff: Jim Coles, Economic Development Coordinator

This is a request for the TDA Board to review and approve a Resolution of support for the above referenced project as it relates to abatement under the Local Development Act Review Committee within the boundaries of the City of Tulsa Tax Incentive District Number One for a period not to exceed six years.

Tax incentive district projects are permitted through provisions of the Local Development Act, 62 OS §§ 851 et.seq. allowing the governing body to provide relief from taxation in certain areas for the purpose of stimulating reinvestment. The 410 S. Boston Ave. project proposes development of a downtown parking garage on vacant portion of lot into 519 leasable stalls on floors 2-5 plus 13,000 SF restaurant/retail space on the first floor. Per the developer, the estimated construction value of these improvements is \$11,500,000. (Total project cost is \$14.8MM.) This site is located in an Enterprise Zone, the Oil Capital Historic District, and Reinvestment Area. The building, consisting of 167,944 square feet, will include approximately 13,000 SF of restaurant and retail space which is not eligible.

To clarify, the resolution being requested is not asking for the abatement to be granted, but only for TDA's blessing to move through the process with the taxing entities. Also, the qualifications committee consisting of Kathy Taylor, Dwain Midget and Mike Kier reviewed this application for consistency with City of Tulsa policies and procedures, and found it consistent.

Attachments: First Place, LLC Project Application and Summary
 Qualification Committee Review Letter

Recommendation: The Executive Director recommends that the TDA Board approve this item as presented.

Reviewed by: **O.C. Walker II, Executive Director**

ACTION: APPROVAL: _____ APPROVAL W/ CONDITION: _____ DENIAL: _____ TABLED: _____ VOTE: _____

PROJECT APPLICATION INFORMATION - SUMMARY

PROPERTY TAX ABATEMENT

1. **APPLICANT:** FIRST PLACE, LLC (410 S BOSTON AVE)
(DANIEL REGAN)

2. **PROPERTY LOCATION:**
 - a. ASSESSOR PARCEL: 14385-92-01-12580
 - b. SITE ADDRESS: 410 S BOSTON AVE, TULSA OK 74103
 - c. LEGAL DESCRIPTION: LT5 BLK 136
TULSA – ORIGINAL TOWN
LTS 2, 4, & 5 BLK 1
FIRST PLACE ADDN
RESUB PRT L1-3 & 6-7 B136
TULSA – ORIGINAL TOWN
SECTION 01 TOWNSHIP 19 RANGE 12

3. **NARRATIVE DESCRIPTION:** NEW CONSTRUCTION OF 167,944 SF PARKING GARAGE ADJACENT TO EXISTING TOWER IN DOWNTOWN TULSA. FIRST FLOOR OF STRUCTURE WILL HAVE 13,000 SQUARE FEET OF LEASABLE SPACE FOR RETAIL USE. REMAINING FLOORS WILL BE DEDICATED TO 519 PAID PARKING STALLS. BUILDING IS EXPECTED TO BE KNOWN AS FIRST PLACE GARAGE.

4. **PROJECT LOCATED WITHIN:**
 - a. ENTERPRISE ZONE - YES
 - b. REINVESTMENT AREA - YES
 - c. HISTORIC PRESERVATION AREA - YES

5. **TOTAL PROJECT COST:** \$14,872,500
 - a. CONSTRUCTION COST \$11,500,000
 - b. ACQUISITION: \$ 2,000,000
 - c. ARCH/ENG: \$ 500,000
 - d. LEGAL: \$ 11,000
 - e. FINANCING FEES: \$ 61,500
 - f. CONTINGENCY: \$ 800,000

6. **FUNDING SOURCES:** \$14,872,500
 - a. OWNER EQUITY \$ 2,572,500
 - b. PERMANENT FINANCING \$12,300,000
(POSSIBLY ARVEST)

SUMMARY: PLAN IS FOR CONSTRUCTION OF 167,944 SF STRUCTURE WITH 519 PARKING SPACES IN GARAGE AND 13,000 SF COMMERCIAL RETAIL ON FIRST FLOOR.

PROJECT APPLICATION INFORMATION - SUMMARY

7. PROJECT IMPACT UPON COMPLETION FOR ALL TAXING ENTITIES:

SCENARIO	Existing Values*	Estimated Values
Taxable	\$13,289,200	\$24,789,200
Annual Ad valorem	\$196,248	\$366,074.51
Abatement: $366,074.51 - (196,248 + \text{retail increase of } 13,145) =$ \$156,680 @ 6 years = \$940,083		

*Existing value includes newly constructed retail space that will not be included in this tax abatement. Parcel includes existing tower. Proposed portion of value added by retail is prorated based on square footage only. Actual determination will be made by Assessor's Office.

Scenario	Percentage Abatement	Property Taxes Abated	Total
Year 1	100%	\$156,680.55	\$156,680.55
Year 2	100%	\$156,680.55	\$313,361.10
Year 3	100%	\$156,680.55	\$470,041.65
Year 4	100%	\$156,680.55	\$626,722.20
Year 5	100%	\$156,680.55	\$783,402.76
Year 6	100%	\$156,680.55	\$940,083.31

Impact from Construction

Construction	Impact Type	Employment	Labor Income	Value Added	Output
1 Year	Direct Effect	78.7	\$4,924,217	\$5,614,285	\$11,500,000
	Indirect Effect	17.8	\$1,367,611	\$2,057,912	\$3,907,210
	Induced Effect	27.7	\$1,373,652	\$2,345,460	\$4,080,389
	Total Effect	124.2	\$7,665,480	\$10,017,657	\$19,487,598

Impact from Garage Operations

Operations	Impact Type	Employment	Labor Income	Value Added	Output
1 Year	Direct Effect	19.2	\$453,962	\$437,914	\$629,028
	Indirect Effect	1.2	\$60,709	\$115,448	\$192,995
	Induced Effect	2.3	\$115,553	\$197,199	\$343,068
	Total Effect	22.8	\$630,224	\$750,561	\$1,165,090

Impact from Retail

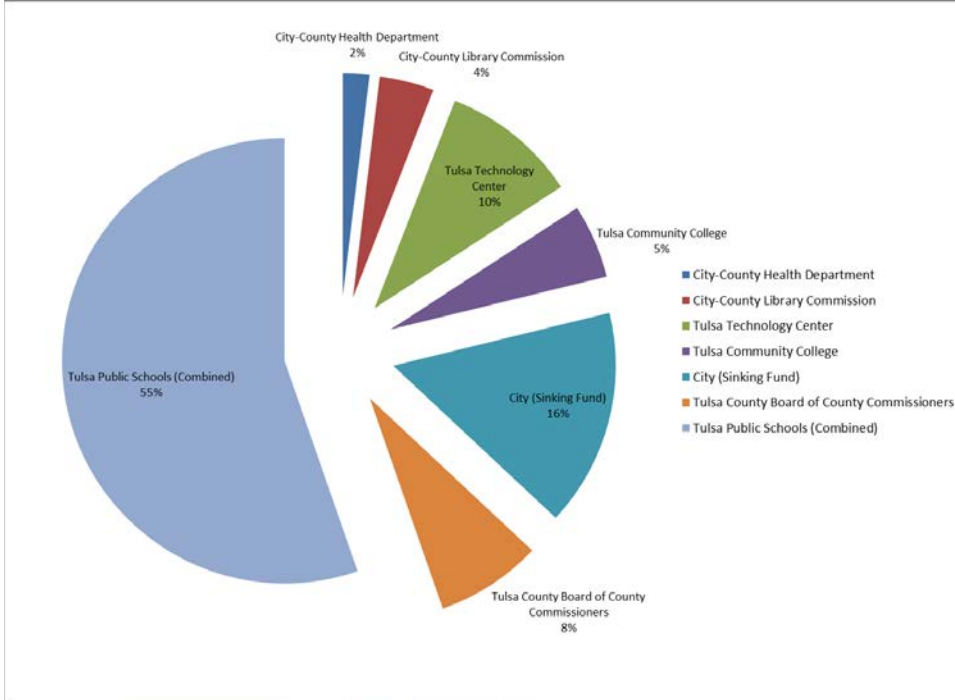
Retail	Impact Type	Employment	Labor Income	Value Added	Output
1 Year	Direct Effect	13.6	\$503,022	\$694,763	\$972,270
	Indirect Effect	1.8	\$103,820	\$197,215	\$335,571
	Induced Effect	2.7	\$132,601	\$226,407	\$393,880
	Total Effect	18.1	\$739,443	\$1,118,385	\$1,701,721

PROJECT APPLICATION INFORMATION - SUMMARY

6 Year Impact from Construction and Operations

Combined	Impact Type	Employment	Labor Income	Value Added	Output
6 Year	Direct Effect	275.3	\$10,666,120	\$12,410,350	\$21,107,787
	Indirect Effect	36.1	\$2,354,786	\$3,933,887	\$7,078,603
	Induced Effect	57.8	\$2,862,574	\$4,887,096	\$8,502,075
	Total Effect	369.2	\$15,883,481	\$21,231,334	\$36,688,465

Property Tax Abatement - Distribution of Burden



Ending FMV	\$	24,789,200.00	Existing Base	Base + Retail	Completion	Year 1	Year 1-6
Taxable FMV			\$	Retail Increase	Full Value		Abatement
			2015	2016	2016		
Organization	%	Millage	Dollars	Dollars	Dollars		
City-County Health Department	2%	2.58	\$ 3,771.47	\$ 4,024.11	\$ 7,035.17	\$ 3,011.07	\$ 18,066.41
City-County Library Commission	4%	5.32	\$ 7,776.84	\$ 8,297.77	\$ 14,506.64	\$ 6,208.87	\$ 37,253.21
Tulsa Technology Center	10%	13.33	\$ 19,485.95	\$ 20,791.22	\$ 36,348.40	\$ 15,557.18	\$ 93,343.09
Tulsa Community College	5%	7.21	\$ 10,539.66	\$ 11,245.66	\$ 19,660.31	\$ 8,414.65	\$ 50,487.90
City (Sinking Fund)	16%	21.2	\$ 30,990.41	\$ 33,066.31	\$ 57,808.41	\$ 24,742.11	\$ 148,452.63
Tulsa County Board of County Commissioners	8%	10.34	\$ 15,115.14	\$ 16,127.62	\$ 28,195.24	\$ 12,067.61	\$ 72,405.67
Tulsa Public Schools (Combined)*	55%	74.27	\$ 108,568.78	\$ 115,841.26	\$ 202,520.33	\$ 86,679.07	\$ 520,074.39
	100%	134.25	\$ 196,248.26	\$ 209,393.96	\$ 366,074.51	\$ 156,680.55	\$ 940,083.31

Notes: Retail space is expected to be built to tenant specifications. As of creation of this report, the tenants are not known. It is expected the space will be restaurant or miscellaneous retail. Restaurant figures are based on downtown average sales per square foot of available space and are assumed to be filled as constructed. Sales tax figures based on IMPLAN estimated values are \$49,831 from induced effects of projects. Sales tax directly relatable to restaurant is \$128,115 /year based on 3.65% of \$3,510,000 sales.

The project does not reach a positive cash flow in the periods examined. Yearly loss is estimated to be between -\$531,735 and -\$167,608 for abatement period, then -\$312,417 the first year after.

First Place Garage 410 S Boston Ave

		2016	Project Completion
Fair Market Value (FMV)	\$	13,289,200.00	\$ 24,789,200.00
Assessment Ratio		11%	11%
Gross Assessment Value	\$	1,461,812.00	\$ 2,726,812.00
Tax Rate Millage		134.25	134.25
Estimated Taxes	\$	196,248.26	\$ 366,074.51

Ending FMV	\$ 24,789,200.00	Existing Base	Base + Retail	Completion	Year 1	Year 1-6
Taxable FMV			Retail Increase	Full Value	Abatement	
		\$ 13,289,200.00	\$ 14,179,377.68	\$ 24,789,200.00		
		2015	2016	2016		
Organization	%	Millage	Dollars	Dollars	Dollars	
City-County Health Department	2%	2.58	\$ 3,771.47	\$ 4,024.11	\$ 7,035.17	\$ 3,011.07
City-County Library Commission	4%	5.32	\$ 7,776.84	\$ 8,297.77	\$ 14,506.64	\$ 6,208.87
Tulsa Technology Center	10%	13.33	\$ 19,485.95	\$ 20,791.22	\$ 36,348.40	\$ 15,557.18
Tulsa Community College	5%	7.21	\$ 10,539.66	\$ 11,245.66	\$ 19,660.31	\$ 8,414.65
City (Sinking Fund)	16%	21.2	\$ 30,990.41	\$ 33,066.31	\$ 57,808.41	\$ 24,742.11
Tulsa County Board of County Commissioners	8%	10.34	\$ 15,115.14	\$ 16,127.62	\$ 28,195.24	\$ 12,067.61
Tulsa Public Schools (Combined)*	55%	74.27	\$ 108,568.78	\$ 115,841.26	\$ 202,520.33	\$ 86,679.07
	100%	134.25	\$ 196,248.26	\$ 209,393.96	\$ 366,074.51	\$ 156,680.55

***TPS (Combined)**

	%	Millage	Existing Base	Base + Retail	Completion	Year 1	Year 1-6
School Locally Voted	20.9%	29.07	\$ 42,494.87	\$ 45,341.40	\$ 79,268.42	\$ 33,927.03	\$ 203,562.17
School County Wide Bldg	3.9%	5.15	\$ 7,528.33	\$ 8,032.62	\$ 14,043.08	\$ 6,010.46	\$ 36,062.79
School County Wide ADA	3.0%	4.00	\$ 5,847.25	\$ 6,238.93	\$ 10,907.25	\$ 4,668.32	\$ 28,009.93
School County Wide General	27.1%	36.05	\$ 52,698.32	\$ 56,228.32	\$ 98,301.57	\$ 42,073.25	\$ 252,439.50
	54.9%	74.27	\$ 108,568.78	\$ 115,841.26	\$ 202,520.33	\$ 86,679.07	\$ 520,074.39



January 24, 2017

Stuart Price
15 E 5th St, Suite 400
Tulsa, OK 74103

RE: Downtown Parking Garage

Dear Mr. Price,

Thank you for the opportunity to evaluate your proposed parking garage located on the southeast corner of 4th Street and Main in downtown Tulsa, immediately west of First Place Tower. Arvest Bank approved financing for this project in late 2015 which has since expired. The original terms included: 18 months of interest only floating at Wall Street Journal Prime, converting to principal and interest payments based on 90-day LIBOR + 300 bps (approximately 4.88% currently) fixed for 5 years with a 20-year amortization. Arvest Bank continues to have a strong interest in providing a loan to construct the subject parking garage.

We anticipate that the subject parking garage will deliver approximately 519 parking spaces with direct access to the adjacent First Place Tower, substantially infilling all of the current open courtyard. We are very aware the constraint that current parking options creates for the existing stock of buildings and future development. The proposed parking garage would provide the following: retention of current First Place Tower tenants, aid in additional leasing of First Place Tower, parking for tenants of the soon to be completed Palace building apartment conversion, and other miscellaneous demand for additional parking in the area.

As stated above, approval for the subject loan has expired and must be underwritten again and approved at committee. Arvest has every intent to pursue this opportunity subject to these steps. Arvest Bank has substantial experience financing downtown projects and understand the challenges and complexity unique to urban development. Often alternative sources of funds are critical to the viability of a downtown project. This can include: zero interest Downtown Development Fund loans, tax abatement, historic tax credits, new markets tax credits, and TIF financing. We anticipate this proposed parking garage to be no exception.

Arvest Bank is very excited to work on this proposed project with you and know it will fill a specific need in downtown Tulsa for additional parking. Once completed, it will be another critical piece in the vibrant downtown Tulsa puzzle. Please feel free to contact me with any questions, concerns, or if you require additional information.

Sincerely,

Andrew Coffey
Assistant Vice President
(918) 631-1060
acoffey@arvest.com

Annualized Income	Year 1 Operations	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Monthly Parker Revenue (519 leasable stalls starting @ \$101/ea, with adjustment to oversell capacity by 15% once parking stall count reduced to accommodate retail)	\$ 629,028.00	\$ 635,256.00	\$ 673,620.00	\$ 680,160.00	\$ 686,700.00	\$ 693,240.00	\$ 699,780.00
Daily Parker Revenue	\$ -	\$ -	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Sales Tax Collection	\$ 53,574.31	\$ 54,104.75	\$ 59,927.32	\$ 60,484.33	\$ 61,041.34	\$ 61,598.35	\$ 62,155.36
Retail Leases (13,000 SF fully leased @ \$20/SF)	\$ -	\$ -	\$ 260,000.00	\$ 260,000.00	\$ 260,000.00	\$ 260,000.00	\$ 260,000.00
Total Income	\$ 682,602.31	\$ 689,360.75	\$ 1,023,547.32	\$ 1,030,644.33	\$ 1,037,741.34	\$ 1,044,838.35	\$ 1,051,935.36

Annualized Operating Expenses

Debt Service (assumes \$12.3m loan w/ 20 yr payback @ 5.5%)	\$ (1,015,320.00)	\$ (1,015,320.00)	\$ (1,015,320.00)	\$ (1,015,320.00)	\$ (1,015,320.00)	\$ (1,015,320.00)	\$ (1,015,320.00)
Additional Garage Liability Insurance	\$ (4,700.00)	\$ (4,700.00)	\$ (4,700.00)	\$ (4,700.00)	\$ (4,700.00)	\$ (4,700.00)	\$ (4,700.00)
Telephone/Internet	\$ (850.00)	\$ (850.00)	\$ (850.00)	\$ (850.00)	\$ (850.00)	\$ (850.00)	\$ (850.00)
Repairs & Maintenance	\$ -	\$ -	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (700.00)	\$ (800.00)
Sweeping & Scrubbing Service	\$ (5,000.00)	\$ (5,000.00)	\$ (5,000.00)	\$ (5,000.00)	\$ (5,000.00)	\$ (5,000.00)	\$ (5,000.00)
Parking Equipment Repairs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (500.00)	\$ (500.00)
Parking Supplies	\$ (1,200.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)	\$ (500.00)
Utilities	\$ (20,000.00)	\$ (20,400.00)	\$ (20,808.00)	\$ (21,224.16)	\$ (21,648.64)	\$ (22,081.62)	\$ (22,523.25)
Fire/Live Safety Monitoring	\$ (3,500.00)	\$ (3,500.00)	\$ (3,500.00)	\$ (3,500.00)	\$ (3,500.00)	\$ (3,500.00)	\$ (3,500.00)
Elevator Maintenance Contract	\$ (6,500.00)	\$ (6,500.00)	\$ (6,500.00)	\$ (6,500.00)	\$ (6,500.00)	\$ (6,500.00)	\$ (6,500.00)
Sales Tax to CoT	\$ (53,574.31)	\$ (54,104.75)	\$ (59,927.32)	\$ (60,484.33)	\$ (61,041.34)	\$ (61,598.35)	\$ (62,155.36)
Property Taxes (held constant for 6 yrs, estimated in yr 7)	\$ (14,640.00)	\$ (14,640.00)	\$ (14,640.00)	\$ (14,640.00)	\$ (14,640.00)	\$ (14,640.00)	\$ (165,447.30)
Wages & Salaries	\$ (76,557.24)	\$ (76,557.24)	\$ (76,557.24)	\$ (76,557.24)	\$ (76,557.24)	\$ (76,557.24)	\$ (76,557.24)
Payroll Liabilities	\$ (12,495.88)	\$ (12,495.88)	\$ (12,495.88)	\$ (12,495.88)	\$ (12,495.88)	\$ (12,495.88)	\$ (12,495.88)
Retail Lease Commissions (4% commission on 5 yr lease term)	\$ -	\$ -	\$ (52,000.00)	\$ -	\$ -	\$ -	\$ -
Total Operating Expense	\$ (1,214,337.43)	\$ (1,202,071.99)	\$ (1,208,802.56)	\$ (1,209,775.73)	\$ (1,210,757.22)	\$ (1,212,447.21)	\$ (1,364,353.15)

TOTAL ANNUAL PROFIT/LOSS	\$ (531,735.12)	\$ (512,711.24)	\$ (185,255.24)	\$ (179,131.40)	\$ (173,015.88)	\$ (167,608.86)	\$ (312,417.79)
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Assumptions:

No property tax increase for 6 years

Fully leased parking beginning in year 1

Converting to unreserved parking with a 15% oversell factor once retail space fully leased (assumes starting after year 2)

DEVELOPER PROJECT COSTS

Land/Construction Permits (<i>Equity</i>)	\$ 2,000,000.00
Construction Costs	\$ 11,500,000.00
Architectural & Engineering Fees (<i>Equity</i>)	\$ 500,000.00
Legal & Organizational Fees (<i>Equity</i>)	\$ 11,000.00
Financing Fees (<i>Equity</i>)	\$ 61,500.00
Contingency Funding	\$ 800,000.00
Total Project Costs	\$ 14,872,500.00

SOURCES OF DEVELOPMENT FUNDS

Owner Equity	\$ 2,572,500.00
Construction Loan	\$ 12,300,000.00
Total Funding Sources	\$ 14,872,500.00



March 16, 2017

Jim Coles
Economic Development Coordinator
City of Tulsa
175 E. 2nd St., Suite 575
Tulsa, OK 74103

RE: Qualification Committee Consideration of Abatement Request by First Place, LLC (Daniel Regan) for 410 South Boston Avenue, Tulsa, OK also referred to as the First Place Garage.

Jim,

The Qualifications Committee (QC) has reviewed the initial application and supporting materials submitted for the project referenced above. So long as no additional public funds are sought for this project, we believe this project meets the thresholds to be considered further for a possible abatement under the Local Development Act and related City of Tulsa Policies.

Please continue the appropriate steps under the City of Tulsa Tax Incentive Project Approval Procedures.

Thank you,

A handwritten signature in black ink, appearing to read 'Kathy Taylor', with a long, sweeping horizontal line extending to the right.

Kathy Taylor
Chief of Economic Development
Office of the Mayor