TULSA DEVELOPMENT AUTHORITY
STAFF REPORT

MEETING DATE: December 3, 2020
TO: Chairman & Board Members
FROM: Casey Stowe
SUBJECT: Central Park TIF Funds
LEGAL: N47/2 of W86 2/3 Lt 8 & W86 2/3 Lt 9 Blk 10

Background:

Owner: City of Tulsa
Redeveloper: City of Tulsa
Location: Oakland Neighborhood
Size of Tract: .19ac
Number of Lots: 155 properties
Development Area: Central Park TIF
Fair Market Value: N/A

Relevant Info:

On March 3, 1994, the City of Tulsa adopted the Central Park Tax Increment District and created Increment District Number Two, an ad valorem and sales tax increment district. A budget was laid out with project costs of $7,446,923.52 and described general categories as being paid in four separate phases.

The Project Plan set TIF No. 2 effective life at 15 years which was closed in February, 2010, however, to date records indicate the Finance Department has identified a total of $1,606,918.99, absent interest, was over collected with a current cash balance of $1,646,077.62.

The City of Tulsa recommends un-appropriating and returning the full amount to the appropriate taxing entities (Ad valorem/Sales tax) with the Finance Department facilitating the transfer of funds to the appropriate authorities and entities. TDA shall bill the City of Tulsa $39,158.63 as administrative fees after the funds are returned.

The un-appropriations are as follows:

Project 16D01 – The Village at Central Park. $99,722.40 to be un-appropriated from org/object 7209000/541101

Project 16D04 – Elgin Ave Traffic Circle and Streetscaping. $15,124.85 to be un-appropriated from org/object 7209000/541106

Project 20D03 – The Wrench Rehab. $200,000.00 to be un-appropriated from
Per the City of Tulsa this action will require two resolutions: First, to unappropriate the funds; second to return those funds to the City. The resolution to transfer all funds to the City should have a dollar amount listed of $1,606,918.99 and should include any interest earned since 10/31/2020.

The Mayor’s Office of Economic Development will provide notice to taxing entities in the Annual Report for TIF No. 2, which will be distributed in the next several weeks.

**Attachments:**

Letter from Mayor’s Office dated November 2, 2020

**Recommendation:**

Staff recommends the TDA Board of Commissioners approve this item as presented.

**Reviewed By:**

Nancy Lynn Roberts
Central Park TIF No. 2
Collections in Excess of Budget and Required Actions

As part of a comprehensive review of existing Tax Increment Finance Districts under administration by the Tulsa Development Authority, City staff identified that the Central Park Tax Increment Finance (TIF) District had collected revenues above and beyond those authorized by the TIF’s Project Plan. The purpose of this memo is to provide an overview of recommended actions required as a result of the overcollection.

Overview and Summary

- In 1994, the City of Tulsa adopted the Central Park Tax Increment District and created Increment District Number Two, an ad valorem and sales tax increment district.
- The Project Plan laid out a budget for authorized project costs of $7,446,923.52 and described general categories of project costs as being paid in four separate phases.
- The Project Plan set TIF 2’s effective life at 15 years, and the only amendment was to make clear that increments generated during the 15 years were to be apportioned and used to pay project costs even if the actual receipt of the revenues occurred after the fifteenth anniversary of the effective date of the ordinance establishing the increment district.
- Records indicate an end of new TIF 2 increment apportionment at the conclusion of FY 2010, but that increment collections had exceeded the Project Plan’s project cost budget starting in FY 2007.
- The Finance Department has completed a review of existing revenues within the TIF, and identified that a total of $1,606,918.99, absent interest, was overcollected by the TIF.
  - Ad valorem overcollections: $535,737.18
  - Sales tax overcollections: $1,071,181.81
- The current remaining cash balance in TIF 2 is $1,646,077.62.
- Staff recommends returning the full amounts listed above to the appropriate taxing entities. Additionally, the following amounts will remain and be retained by the Tulsa Development Authority.
  - $39,158.63 to be retained by Tulsa Development Authority as administrative expenses related to administration of the TIF.

Required Actions and Next Steps

As a result of the overcollection, the Tulsa Development Authority and City of Tulsa must move forward with formal actions to return excess revenues to the appropriate taxing entities. These actions are as follows:

- **Ad Valorem Returned to County Treasurer**: The City of Tulsa’s Finance Department will facilitate the transfer of funds to the County Treasurer, who will subsequently return funds to taxing entities (including the City of Tulsa) based upon current levies.
  - The Mayor’s Office of Economic Development will provide notice to taxing entities in the Annual Report for TIF No. 2, which will be distributed in the next several weeks.
Sales Tax Returned to City of Tulsa: The City of Tulsa’s Finance Department will facilitate the transfer of funds to the General Fund. The below paragraphs provide recommendations as to the use of returned sales tax funds upon their return to the General Fund.

Proposed Use of Returned Sales Tax Funds

Prior to the identification of the overcollection within the TIF, the Tulsa Development Authority had considered or approved and appropriated funding for three (3) projects within the plan area of the TIF. While the required return of funding to taxing entities means the TIF can no longer fund these projects, Mayor’s Office of Economic Development staff recommends funding these projects through returned sales tax dollars given each project’s ability to spur continued economic growth, thereby generating additional, ongoing economic impact and revenue for the City of Tulsa. Additionally, the Mayor’s Office of Economic Development recommends transferring remaining funds beyond those needed for these three (3) projects to the General Fund, to support costs associated with the 1921 Mass Graves search and related efforts.

Current Planned Projects Recommended for Sales Tax Funding

As noted above, at present, there are three active projects which TDA had planned to fund using TIF No. 2 revenues. If funded by the City of Tulsa through returned sales tax, these projects would utilize $475,540 of the $1,071,181.81.

- **Village Flats Phase II Apartments – $320,540**: Located on the west side of Peoria, south of 6th Street, the Village Flats Phase II Apartments is a mixed-use development that will complete the transformation of an area initially revitalized through the City’s stormwater planning efforts and development of Central Park. The complex will consist of 24 residential units, 7,500 SF of retail space, and a proposed patio space to integrate the development into the surrounding park land. Additionally, the project sits immediately adjacent to a BRT stop and aligns with the City’s broader efforts to encourage increased density and mixed uses along the Peoria BRT corridor.
  - Funds would be transferred to TDA to allow for the execution of a redevelopment agreement governing the use of the funds by TDA. Funds would support streetscaping and construction of the patio adjacent to Central Park, and relocation of a sewer line.

- **The Wrench – $60,000**: Located on the northeast corner of 11th Street and Peoria, The Wrench is a former auto shop that was acquired as a part of real estate acquisitions for bus stops on the Peoria BRT corridor. Given its strategic location along Peoria and Route 66, Economic Development and Asset Management staff previously proposed rehabilitating the building in an effort to prepare the space for leasing. Rehabilitation of this space will allow the City to attract a quality tenant and contribute to the further revitalization of the Route 66 corridor. Funding would allow Asset Management to execute repairs related to the roof, pavement, and HVAC equipment.
  - Funds would be transferred to General Fund to allow for easy implementation of the project and payment of associated invoices by Asset Management. Economic and Community Development staff will assist the project and support leasing efforts.

- **11th and Elgin Traffic Circle – $90,000**: Multiple vehicle accidents have damaged existing lighting, and funds would allow for the replacement of missing double head and single head light standards, installation of a light standard in the traffic circle, and purchase of extra standards to keep local inventory in the event of future loss.
  - Funds would be transferred to General Fund to allow for easy implementation of the project and payment of associated invoices by the Downtown Coordinating Council.
**Recommended Use for Unallocated Sales Tax Dollars**

Should all three (3) of the above projects be fully funded, $600,641.81 in remaining funds would be available for further allocation. Given ongoing efforts at Oaklawn Cemetery to uncover potential mass graves from the Tulsa Race Massacre, the City recommends applying remaining funds to the 1921 graves investigation budget. Applying the unallocated sales tax dollars to the 1921 graves investigation budget will support a full excavation and analysis of the Original 18 site in Oaklawn Cemetery along with other previously unfunded aspects of the investigation.