



23rd STREET CORRIDOR PROJECT PLAN

FINANCIAL IMPACTS REPORT

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I. HOW TAX INCREMENT FINANCING WORKS

Under the mechanism of tax increment financing, two geographic areas are defined. The first is the project area. This is the area in which project expenditures may be made. The second geographic area is the increment district. This is the area from which the tax increment will be generated. The project area and increment district may or may not be co-extensive. The value of property within the increment district is determined upon approval of the project plan. This becomes the base assessed value of all taxable property within the increment district. The ad valorem tax revenue generated from this base assessed value of property within the increment district is distributed to the taxing jurisdictions according to each jurisdiction's levy. Throughout the life of the project, the base revenue will continue to flow to the taxing jurisdictions. In the event of a general reassessment of property values within the increment district, the ad valorem tax revenue received by the taxing jurisdictions will be proportionately adjusted. To this extent, the taxing jurisdictions are not affected by the implementation of tax increment financing through ad valorem apportionment.

Once development of the property within the increment district occurs, the market value increases, and so the assessed value of that property also increases. The difference between the ad valorem tax revenue produced by this increased value and that produced by the base assessed value—the incremental increase or increment—is apportioned (i.e., allotted) to an apportionment fund that is used to pay the eligible public costs of the project either directly or through the issuance and repayment of bonds, notes, or other debt. This apportionment of ad valorem tax increments will continue for the lesser of a period of 25 fiscal years from the date of approval or until all eligible public costs are paid. Once the tax apportionment period expires, the revenue from the increased assessed value of property within the increment district will be divided among the taxing jurisdictions, in addition to the revenue from the base assessed value that these entities will have continued to receive.

II. THE PROPOSED PROJECT

The 23rd Street Corridor Project Plan is a project plan as defined under the Local Development Act, 62 O.S. § 850, et seq. ("Act"), and is referred to here as the "Project Plan." The Project Plan provides the economic structure and funding to construct needed public improvements and stimulate additional private development within a certain area of Bethany primarily centered around Northwest 23rd Street and immediately surrounding environs described in the City of Bethany's Comprehensive Plan 2030 as the "23rd Street Corridor" ("Project"). The Project Plan is considered to be a critical element in fostering public-private partnerships to create a continuing stimulus for economic revitalization. The establishment of a new increment district will provide critical funding for public improvements and help induce private investment through the establishment of an active incentivization program focused on retail, office and residential growth. Public projects will

also stimulate private investment in the area in the form of the renovation and restoration of existing buildings and façades.

This Project Plan is aspirational as there are many unknowns related to exactly how the Project Area will develop or precisely when various public and private improvements will occur. However, through committed adherence to this Plan and related efforts and the deliberate application of resources, continual progress towards a more livable Bethany—a city with a thriving commercial and mixed-use district along the 23rd Street Corridor—is achievable.

III. BOUNDARIES OF PROJECT AREA AND INCREMENT DISTRICTS

The Project Area and Increment District boundaries are shown on the illustration in the Project Plan’s Exhibit A. The Project Area generally covers the 23rd Street Corridor, as described in the City’s Comprehensive Plan—parcels adjacent to Northwest 23rd Street from North Council Road to North Peniel Avenue. The Increment District generally consists of undeveloped or underdeveloped parcels along Northwest 23rd Street between Council Road and North Peniel Avenue. A legal description of the Project Area is provided in the Project Plan’s Exhibit B, and a legal description for the Increment District is provided in the Project Plan’s Exhibit C.

IV. IMPACTS AND EFFECTS ON TAXING JURISDICTIONS

- A. Overall Financial Impacts on Affected Taxing Jurisdictions. Under the Project Plan, all of the incremental revenues will be apportioned to the apportionment fund for use by the City, the Bethany Development Authority, or another public entity designated by the City, to pay for authorized project costs. Once each Increment District expires, the increment from that Increment District shall be distributed pursuant to ad valorem statutes.

The benefits of the Project will be significant for the affected taxing jurisdictions and for the greater community. The actual increase in demand for services, if any, will be limited for those taxing jurisdictions, with potential increases in demand discussed in Section IV.B herein.

The current assessed value of the proposed Increment District—currently estimated to be approximately \$2,200,000—at the time the Increment District is created will continue as the basis for allocating the tax revenue to the taxing jurisdictions during the full life of the Increment District. Since funding rates for bonded indebtedness are calculated using the base assessed value within an increment district, repayment of bonded indebtedness will not be affected.

Concentrated stimulation of the development, as contemplated by the Project Plan, will result in an enhanced ad valorem tax base, from which all of the affected taxing jurisdictions will benefit. The benefits of any new employment at the Project site and its ancillary benefits also will result in benefits to the affected taxing jurisdictions.

B. Specific Effects from the Potential \$46.5 Million in Private Investment.

1. ***Putnam City Public Schools.*** Putnam City 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, and because no additional residential development is anticipated.

Putnam City Public Schools will experience a positive fiscal impact from the Project overall. Currently, Putnam City Public Schools collects approximately \$16,500 in operational ad valorem revenue (*i.e.*, not including sinking fund revenues, based on current millage rates, and accounting for state school aid offsets) annually within the proposed Increment District, based on the value of the current improvements. A similar amount will continue to be available for operational purposes for Putnam City Public Schools during the effective life of the Increment District.

Putnam City Public Schools should experience an increase in operational ad valorem revenue (*i.e.*, not including sinking fund revenues, based on current millage rates, and accounting for state school aid offsets) of approximately \$36,500 annually once the Increment District terminates.

2. ***Oklahoma County.*** No specific measurable demand for increased services upon Oklahoma County is anticipated to result from this project. Oklahoma County currently receives approximately \$24,000 in operational ad valorem revenue (*i.e.*, not including sinking fund revenue) from the area within the proposed Increment Districts. The County should anticipate an estimated \$53,500 in additional operational revenues beginning once the Increment District terminates.
3. ***Oklahoma City-County Health Department.*** The Oklahoma City-County Health Department will be positively affected by any new employment that the Project may generate. In addition, the Project will promote the health and well-being of residents in the Health Department's service area through the construction of public infrastructure and improvements such as sidewalks that encourage walking, cycling, and other physical activity—especially in Increment District A. Once the Increment District terminates, the Health Department is anticipated to experience a \$13,500 annual increase in operational ad valorem revenue.
4. ***Francis Tuttle Technology Center.*** Francis Tuttle Technology Center should experience modest impacts from the Project on demand for services, although a few additional students may reside in the residential portion of the Project planned for Increment District A. Francis Tuttle will be positively impacted by the complementary job training opportunities, including, but not limited to, construction and engineering-related trades involved in the construction of the private developments. Francis Tuttle should anticipate receiving additional operational ad valorem revenue of approximately \$81,000 per year once the Increment District terminates.

5. **Metropolitan Library System.** Metropolitan Library System should experience minimal impacts from the Project, and should anticipate new annual operational ad valorem revenues of approximately \$27,000 once the Increment District terminates.
6. **City of Bethany.** The Project has the largest impacts on the City of Bethany, which will become responsible for maintenance of all new public infrastructure to be built, in addition to providing general municipal services to serve the Project (i.e., police, fire protection, utilities). To offset those increased service demands, the Project's additional employment and retail opportunities within the City will generate new sales tax revenues for the City. The Increment District is proposed to be a sales tax increment district as well as an ad valorem increment district, with the City including its undedicated sales tax revenues (3.3% rate) generated by the Project as increment, so the City will forego significant revenue until the Increment District terminates. Without knowing the specific breakdown of where employees will live or shop and what specific projects will generate, a concrete projection about their economic impacts cannot be made at this time.

V. IMPACTS ON BUSINESS ACTIVITIES

Isolating the specific impacts of the Increment Districts on the greater community is difficult, but through correlation of demands for residential and commercial space within the Increment Districts, a meaningful calculation of effects on business activities is possible. Residential and commercial developments reflect corresponding growth in economic demands for a spectrum of business activities in retail, commercial, office, and industrial categories. The following analysis is based on a projected private investment of \$46.5 million, and does not include indirectly stimulated economic impacts.

As public and private development occurs, construction will result in temporary jobs and completion of development projects will result in permanent jobs, particularly in commercial, industrial, and mixed-use developments.

<u>Projected Development</u>	<u>Temporary Jobs Supported¹</u>	<u>Temporary Payroll Supported²</u>
\$46,500,000	637	\$22,299,077

The increased presence of individuals living and working in the Project Area will further stimulate demand for development. And increase the opportunity of potential customers for new and existing businesses in the Project Area.

VI. CONCLUSION

The Project will have a positive long-term financial benefit for the community, affected taxing jurisdictions, and business activities. Correspondingly, no appreciable adverse impact is

¹ 10 FTEs / \$1 million; 1.37 Type 1 Effects Multiplier.

² Average wage of supported job = \$16.83/hour, 40 hours/week, 52 weeks/year.

likely to result from the project for the taxing jurisdictions or business activities within the Project Area. The impact of anticipated development on the provision of governmental services is balanced by the project costs and revenue allocations authorized by the Project Plan, which addresses public costs associated with the Project and minimizes the burden of providing additional government services.