



**CITY OF WARR ACRES ECONOMIC DEVELOPMENT
PROJECT PLAN**

FINANCIAL IMPACTS REPORT

PREPARED BY:

THE CITY OF WARR ACRES

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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 City of Warr Acres Economic Development Project Plan is a project plan as defined under the Local Development Act, 62 O.S. § 850, *et seq.*, 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 select areas of Warr Acres, primarily centered around North MacArthur Boulevard and immediately surrounding environs (the “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 four (4) new increment districts 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.

The 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 Warr Acres—a city with a thriving retail and mixed-use districts—is achievable.

III. BOUNDARIES OF PROJECT AREA AND INCREMENT DISTRICTS

The Project Area and Increment Districts’ boundaries are shown on the illustration in Exhibit A of the Project Plan, titled “TIF District Boundaries.” The Project Area covers three non-contiguous areas: (1) an area generally covering a commercial areas from the southern city limit line on North MacArthur Boulevard north to the and including the City’s Town Center Revitalization Area centered around the intersection of North MacArthur Boulevard and Northwest 50th Street, (2) the commercial areas surrounding the intersection of North MacArthur Boulevard and Northwest 63rd Street, and (3) a tract of land on the south side of Northwest 72nd Street in between Comanche Avenue and Cherokee Plaza. The four increment districts, for purposes of the Project Plan, are referred to as Increment District A, B, C, and D (collectively referred to as the “Increment Districts”), and generally contain smaller segments of property within each portion of the Project Area. Once the commencement date of each Increment District is determined, that Increment District will be renamed as “Increment District Number _____, City of Warr Acres,” as appropriate, by assigning the next consecutive number for increment districts of the City of Warr Acres in accordance with 62 O.S. § 856(3). Legal descriptions for the Project Area and all four Increment Districts are provided in Exhibit B to the Project Plan, titled “Legal Descriptions.”

IV. IMPACTS AND EFFECTS ON TAXING JURISDICTIONS

A. Overall Financial Impacts on Affected Taxing Jurisdictions

Under the Project Plan, all incremental revenues will be apportioned to the apportionment fund for use by the City, the Warr Acres Economic 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 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 each of the four proposed Increment Districts—estimated to be approximately \$4,200,000, in aggregate—at the time each Increment District is created will continue as the basis for allocating the tax revenue to the taxing jurisdictions during the full life of that 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. In addition, the benefits of any new employment at the Project site and its ancillary benefits will result in benefits to the affected taxing jurisdictions.

B. Specific Effects from the Potential \$37 Million Project

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. Putnam City Public Schools has no facilities in the Project Area.

Putnam City Public Schools will experience a positive fiscal impact from the project. Currently, Putnam City Public Schools is collecting approximately \$30,000 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 Districts based on the value of the current improvements. A similar approximate amount (based on the current assessed value) will continue available for operational purposes for Putnam City Public Schools during the effective life of Increment Districts.

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 \$37,000 annually once all Increment Districts terminate.

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 \$43,000 ad valorem revenue from the area within the proposed Increment Districts. The County should anticipate an estimated \$55,000 in additional operational revenues beginning once all Increment Districts terminate.

3. *Oklahoma City-County Health Department*

The Oklahoma City-County Health Department is positively affected by new employment that the Project will 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. Once all Increment Districts terminate, the Health Department is anticipated to experience a modest, \$14,000 annual increase in operational ad valorem revenue.

4. *Francis Tuttle Technology Center*

Francis Tuttle Technology Center should experience minimal impacts from the Project on demand for services, although complementary job training opportunities, including, but not limited to, construction and engineering-related trades, may be utilized. Francis Tuttle should anticipate receiving additional operational ad valorem revenue of approximately \$84,000 per year once all Increment Districts terminate.

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 \$28,000 once all Increment Districts terminate.

6. *City of Warr Acres*

The extra employment and sales taxes generated within the City as a result of the Project, but without knowing the specific breakdown of where employees will live or shop and what specific projects will generate, a concrete projection cannot be made at this time.

V. IMPACTS ON BUSINESS ACTIVITIES

The following analysis is based on a projected private investment of \$37,000,000.00, and does not include indirectly stimulated economic impacts.

The completion of the Project will result in permanent jobs noted in Section II above. During construction, the Project is also expected to generate the following temporary jobs:

	Projected Development	Temporary Jobs Supported¹	Temporary Payroll Supported²
<i>The Project</i>	\$37,000,000.00	180	\$6,300,000.00

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 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 public improvements and infrastructure component in the Project Plan, which addresses public costs associated with the project and minimizes the burden of providing additional government services.

¹ 100 FTEs / \$10 million; 1.5 Impact Multiplier.

² Average wage of supported job: \$35,000.