

Questions asked regarding Eastland Shopping Center Economic Development Project Plan during a public hearing held May 15, 2017:

- 1. My question is this: The City of Bartlesville's economic development arm, the Bartlesville Development Authority, did they or did they not approach the owners of Eastland within the past three years to provide incentive for enhancement to the center, and if so why did the owner of the property not respond?**

BDA staff met with the owners of Eastland once (between two and three years ago) to express our interest in collaborating on a plan to redevelop the center to attract national-brand tenants, and to provide a high-level overview of Bartlesville's new retail incentive policy offering the potential of substantial incentives to assist with redevelopment. The meeting was cordial, concluding with the owners stating that they appreciated BDA's proactive outreach, and that they would contact BDA to further explore the offer if they determined the need.

Since then, BDA staff has initiated several phone "check-ins" with the owners as their plans have become more public, but there has been no request for BDA's engagement to date.

- 2. Also under the Eligibility of Project on page 3, says the project area including the Increment District is quote "undeveloped and/or underdeveloped." The question is, who was it that makes such a liberal interpretation of a shopping center being undeveloped?**

The Project Plan is formulated as a result of the deliberations of the Tax Incentive District Review Committee process. In this instance, the Committee has made the determination that the contemplated project is within the guidelines and parameters established under the Local Development Act. In this instance, the Committee has found that the parcel to be developed qualifies as a Reinvestment Area due to the need to reverse economic stagnation and decline in the shopping center by losing additional tenants, can serve as a catalyst for retaining or expanding employment in the area, can attract major investments in the area or enhance the tax base of the area, and in this case, more than 50% of the structures in the area have an age of thirty-five (35) years or more.

- 3. My third question relates to page 4 of the project plan. The final paragraph, would be the third sentence. "An additional impact on the school district is that a portion of the new valuation of the Increment District will not count for, and will therefore limit, the bonding capacity of the school district." My question would be, why we would put a project of this type on the back of our students and teachers, not**

**allowing them to have additional bonding compactly when they are facing multi-million dollar budget shot falls in the state of Oklahoma.**

As a part of the TIF creation process, if the project plan is adopted and the Council approves the creation of the TIF District, a baseline value will be established on the value of property located within the TIF District. These dollars will continue to be collected and remitted to the taxing jurisdictions, including the school districts, just as they have been collected. The TIF District merely captures the incremental increase in the valuation of the property as a result of improvements within the TIF District. The incremental revenues are then used to fund the costs of the improvements contemplated within the project plan, in this case significant traffic improvements to provide safe ingress and egress to the shopping center. The present bonding capacity of the school district is not impaired, however, the incremental increase in valuation will not count towards their future bonding capacity while the TIF is in place. Upon expiration of the TIF, the full valuation of the area will count toward the bonding capacity. If successful development of the property occurs, the school should realize additional valuation gains upon expiration of the TIF. Additionally, general obligation bonds must be voted at an election, and bond proceeds cannot be used for operational costs.

- 4. My next question is actually within the Resolution itself. On page 3 of the Resolution, under section 2, number 2, “that the proposed Increment District does not encompass an area where investment, development, and economic growth would occur without the assistance of public funds.” My understanding is that economic development is occurring with the relocation of Hobby Lobby and the commitment from spokespersons from Chick-Fi-La that they will be coming here regardless if this plan is passed or not.**

It is contemplated that Hobby Lobby will be moving from their present location within the shopping center to a new location in the shopping center. The fact that Hobby Lobby is moving within the district may help improve the value of the property within the TIF, however it does not reconcile the fact that significant space is still vacant within the shopping center.

Likewise, though Chick-Fil-A has been exploring locating within shopping center, there has not been a firm commitment received from the company to date, nor a formal building permit granted.

The master plan for the Eastland Shopping Center also includes the development of several outparcels to attract new investment to the community. The TIF is being established to help offset the significant costs of upgrading the traffic infrastructure. If the Hobby Lobby and Chick-Fil-A developments occur as proposed, no additional building

permits could be issued by the City for further development of the outparcels due to lack of traffic infrastructure to facilitate safe ingress and egress to the shopping center. This would limit the development within the area and the other permits could not be issued until the traffic improvements contemplated under the project plan are made.

- 5. My final question, Council, and I appreciate the time to ask these questions, is related to the revenues used in the TIF by taxing entities. The City of Bartlesville has agreed to a 25 percent sales tax TIF over the course that would generate an estimated \$274,288 in revenue. If the other public entities such as ISD-30, Tri County Tech, the Washington County Ad Valorem rate, if the City of Bartlesville were to increase that sales tax increment to 50 percent, would that not eliminate the need for property taxes to be used in this TIF as well?**

The City is interested in keeping the duration of the TIF as short as possible. Sales tax revenues are often the most volatile source of revenues within a City's budget. The committee took a conservative approach to evaluating how much revenue the City would actually receive as a result of the sales in the TIF District. As is often the case when new establishments open, those establishments initially take away revenues from other businesses in the community, decreasing sales receipts to the City. The concept is often referred to as "cannibalization." The City estimates that at least half of the new sales within the TIF District will be as a result of consumers visiting the new businesses rather than other businesses within the community. The City will likely have to finance the improvements contemplated in the project plan through the issuance of TIF Notes/Bonds. To establish a conservative estimate of revenues, the committee recognized that twenty-five (25 percent) of the sales tax revenues is the safe and most conservative estimation of new reviews to be generated in the TIF District as a result of new sales which can be pledged to the repayment of the TIF Notes/Bonds.