



Emerging from the Recession, Tulsa Sets Lofty Economic Goals

Cynthia Kincaid (April 2012)

Like many mid-level cities emerging from the Great Recession, Tulsa, Oklahoma - the second largest city in Oklahoma - is a study in contradictions. It has many things going for it, and some things that still need some work. For starters, the city fosters a climate favorable to just about any size business and a work force that's highly educated and motivated to succeed. Companies find Tulsa a favorable place to do business and are either moving to - or expanding - their facilities within the region.

Headquarters located in Tulsa include Borets-Weatherford, GWACS Defense Inc., Cherokee Nation Government Solutions, and Avery Barron Industries. Recent expansions include AT&T Dish Network, Capital One Auto Finance, Spirit, Avis Budget Group, Arrow Engine Company, and Baker Hughes among many others.

With an unemployment rate hovering around 5.3 percent, job growth expected to increase a modest 2 percent, per capita income more than 20 percent above the national average, and a cost of living 10 percent below the national average, Tulsa is attractive to both employers and employees alike.

But challenges still lie ahead. For instance, general tax revenue collections were down 22.4 percent in 2010, which was below pre-recession 2008 levels, creating a need to cut budgets for public services, according to the Oklahoma Policy Institute. In fact, every major tax source fell during the Great Recession, with income tax and gross production taxes falling most significantly.

Nonetheless, Tulsa's sales tax revenue for April 2012 increased a hefty 19.2 percent over the same month in 2011. The increase represents the eighth consecutive month the city has experienced an increase in its sales tax revenue. The city, having generated \$181.8 million to date, is up 9 percent over the \$166.2 million brought in by this time last year. As a result Mayor Dewey Bartlett recently turned over to the City Council the largest budget proposal in Tulsa's history, totaling \$703.1 million in operating and capital expenses.

Additionally, home values in Tulsa held their own during the recent downturn, and a new study indicates the area has the third-highest rate of home price increases in the nation. The study, compiled by real estate website Zillow and published on the website InmanNews, indicates home prices in Tulsa rose 4.9 percent from February 2011 to February 2012.

Education in Tulsa, and in Oklahoma, also seems to be holding steady, despite continuing increases in operating costs, caseloads, and enrollments, which are pitted against continual budget and costs cuts. The Governor's 2013 budget proposes flat funding for almost all agencies, including education.

Despite the nation's and the state's financial woes, Tulsa has seen an economic resurgence over the last two years. One of the driving forces behind the movement is Tulsa's Future, an ongoing public-private economic development plan led by the Tulsa Metro Chamber of Commerce. "Tulsa's Future is well funded by 125 investors, 22 cities, three counties, and three Native American tribes," says Jim Fram, senior vice president of economic development for the Chamber. Now in its second phase, the plan is to enhance Tulsa's business climate and provide a more holistic approach for economic development.

It seems the plan is working. Tulsa now boasts more than 31 developed industrial and business districts and is now focusing on a handful of industries that show the greatest growth potential: advanced manufacturing, aerospace and aviation, energy, healthcare, professional services, transportation, and information security.

"Information security is a new target for us," says Fram. "The University of Tulsa has one of the top information security programs in the country, and we found that companies from the Washington, D.C., and Virginia area were coming in and recruiting. So we'll be doing some marketing in those areas to try to lure some of those companies closer to where the source of their workers happens to be."

New investment by companies like Houston-based [Baker Hughes](#), manufacturer of artificial lift and electrical submersible pumping systems for oilfield wells, with a \$36 million expansion in Claremore, a city within metropolitan Tulsa, should take place by early 2013. "This will be a world-class operation that will benefit businesses around the globe," says Mike Neal, Tulsa Metro Chamber's president and CEO. And [Airgas](#), the largest U.S. distributor of industrial, medical, and specialty gases, is recruiting for 130 jobs to operate out of their new [Business Support Center \(BSC\) in downtown Tulsa](#).

Other companies, especially those who do business overseas, are choosing Tulsa because of its access to domestic and international markets by air, rail, and water. The city is home to the Port of Catoosa, which has 500-acre terminal facilities surrounded by a 1,500-acre industrial park. Tulsa International Airport has international freight carriers and five major airlines. The city is also served by two mainline and four shortline railroad carriers.

The Tulsa Chamber also partners with the three Native American tribes in the region: Cherokee Nation, Muskogee (Creek) Nation, and Osage Nation. The Cherokee Nation's economic impact in Northeast Oklahoma tops \$1 billion, providing \$401 million in salary and supporting nearly 14,000 Cherokee and non-Cherokee jobs.

Tulsa's downtown is also experiencing an economic resurgence, with more than \$350 million in private funding invested in current, or planned, projects. "We have properties that are leased or purchased before they're finished," says Fram. "We have two new small hotels under construction, a 14-story office building, an eight-story parking garage, and two museums under construction. And the new University of Tulsa and University of Oklahoma combined medical center will be opening in Tulsa."

The downtown residential population has exceeded 4,000, with demand for housing outpacing supply. "Our downtown residential properties all have waiting lists," Fram adds. Part of this is attributable to Tulsa's movement out of the economic doldrums, and part of it is attributable to the fact that Oklahoma came to the recession party much later than the nation and was able to avoid inflated house prices that would later burst.

Tulsa appears to be coming out of the recession sooner than other cities its size, while grappling with many of the financial and social problems that affect many U.S. municipalities. To continue its upward trajectory, the city knows it must focus on new jobs and business development. To that end, city leaders have plans to create at least \$1 billion in new capital investment over the next four years, according to Fram. Meeting that goal is a tall order. The region's Chamber seems to have the strong

goal is a tall order, the region's chamber seems to have the strong leadership and direction to achieve it.

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