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CITIZENS SUMMARY

Findings in the audit of the Washington Avenue Transportation Development District

Public Accessibility

The Transportation Development District (TDD) project, a parking lot located at 1100 Washington Avenue in the City of St. Louis, is not accessible to the public. The TDD was formed through a court order in August 2009. The project is a prepaid lease between the developer (original owner of the building adjacent to the parking lot) of the project and the TDD for a parking lot adjacent to one of the loft apartment buildings in the district. A 1-cent (1 percent) sales tax was imposed on retail sales within the district.

The intergovernmental agreement between the city, TDD, and the developer acknowledges the general economic benefit and value to the community created by the TDD project and provides for public access to the project. In addition, when the TDD leased the parking lot from the developer, who also owned the adjacent loft apartments, and when the TDD leased the parking lot back to the developer for \$1 per year, both leases state the parking lot will be open to the general public. In June 2013, we were told by a TDD Board member that the parking lot was open to the public. Instead, as evidenced by a photograph we took on a July 17, 2013, visit to the parking lot, the parking lot is gated with a code required to open the gate and clearly marked with signs stating, "Resident Parking" and "Unauthorized Vehicles will be Towed Away." The developer is leasing the parking spaces to 29 tenants of his apartment building and apparently collecting a total of \$1,450 per month.

When we returned to the parking lot on October 15, 2013, a sign advertised "Reserved Monthly Public Parking" and provided the developer's phone number. Approximately 2 weeks after our October visit, the entire TDD board resigned, and we subsequently learned the developer sold the parking lot, the adjacent building, and a \$1.141 million taxable sales tax revenue note in October 2013. The new owners said they did not know the parking lot was required by law to remain open to the public and did not know the TDD was not generating sufficient revenue to make payments on the note.

Formation and Operation

The TDD did not receive approval from the city to enter into a leaseback of the parking lot to the developer for \$1 per year. Neither the developer nor the current owners are in compliance with the terms of the leaseback agreement, as the parking lot remains unavailable to the general public. Under the terms of the lease, the TDD is to pay the developer (or his successor) \$4,567 per month for the duration of the lease; however, no payments have been made. The Board has not adequately planned how the TDD will generate sufficient revenues to fund its obligations. Revenues have fallen sharply during fiscal year 2014, with sales tax collections from July 2013 through February 2014 of less than \$100. It appears at least one of the businesses within the TDD is not collecting the TDD sales tax on all transactions.

Reconciliations and Financial Statements	The TDD does not perform formal bank reconciliations and submitted inaccurate financial statements to the State Auditor's office
Financial Documentation	The Board did not maintain documentation to demonstrate the TDD revenues were only used to pay TDD formation costs. The developer also formed a Community Improvement District (CID) in conjunction with forming the TDD and paid approximately \$31,000 to form both, but has not submitted documentation to support the amount associated with the TDD formation. The TDD has paid \$10,059 toward the formation costs, but without additional documentation, it is unclear how much, if any, is still owed by the TDD or if an overpayment occurred. In addition, a portion of the TDD is in a Tax Increment Financing (TIF) district but there is no documentation to support how the TIF payments were determined or how much sales tax was received from each business within the TIF district.

In the areas audited, the overall performance of this entity was **Poor**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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