

PROJECT AREA BUDGET

WOODLAND AVENUE
COMMUNITY REINVESTMENT AREA (CRA)

MILLCREEK COMMUNITY REINVESTMENT AGENCY, UTAH



MAY 2021



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Section 1: Introduction

The Millcreek Community Reinvestment Agency (the “Agency”), following thorough consideration of the needs and desires of the City of Millcreek (the “City”) and its residents, as well as understanding the City’s capacity for new development, has carefully crafted the Project Area Plan (the “Plan”) for the Woodland Avenue Community Reinvestment Project Area (the “Project Area”). The Plan is the result of an evaluation of the types of appropriate land-uses and economic development opportunities for the land encompassed by the Project Area which includes parcels between Woodland Avenue and Miller Avenue, between Richmond Avenue to the west and Highland Drive to the east, recently annexed from Salt Lake City into Millcreek (July 1, 2020) and therefore excluded from the surrounding Millcreek Center Community Reinvestment Area.

The Plan is envisioned to define the method and means of development for the Project Area from its current state to a higher and better use. The City has determined it is in the best interest of its citizens to assist in the development of the Project Area. This **Project Area Budget** document (the “Budget”) is predicated upon certain elements, objectives and conditions outlined in the Plan and intended to be used as a financing tool to assist the Agency in meeting Plan objectives discussed herein and more specifically referenced and identified in the Plan.

The creation of the Project Area is being undertaken as a community reinvestment project pursuant to certain provisions of Chapters 1 and 5 of the Utah Community Reinvestment Agency Act (the “Act”, Utah Code Annotated (“UCA”) Title 17C). The requirements of the Act, including notice and hearing obligations, have always been observed throughout the establishment of the Project Area.

Section 2: Description of Community Development Project Area

The Project Area includes parcels between Woodland Avenue and Miller Avenue, between Richmond Avenue to the west and Highland Drive to the east, recently annexed from Salt Lake City into Millcreek (July 1, 2020) and therefore excluded from the surrounding Millcreek Center Community Reinvestment Area. The Project Area is comprised of approximately 5.5 acres of property.

A map of the Project Area is attached hereto in **EXHIBIT A**.



Section 3: General Overview of Project Area Budget

The purpose of the Project Area Budget is to provide the financial framework necessary to implement the Project Area Plan vision and objectives. The Project Area Plan has identified that tax increment financing is essential to meet the objectives of the CRA Project Area. The following information will detail the sources and uses of tax increment and other necessary details needed for public officials, interested parties, and the public in general to understand the mechanics of the Project Area Budget.

Base Year Value

The Agency has determined that the base year property tax value for the Project Area will be the total taxable value for the 2020 tax year which is estimated to be \$8,244,900. Using the tax rates established within the Project Area the property taxes levied equate to \$69,356 annually. Accordingly, this amount will continue to flow through to each taxing entity proportional to the amount of their respective tax rates being levied.

Payment Trigger

The Project Area will have a twenty-year (20) duration from the date of the first tax increment received by the Agency. The collection of tax increment will be triggered at the discretion of the Agency prior to March 1 of the tax year in which they intend to begin the collection of increment. The following year in which this increment will be remitted to the Agency will be Year 1, e.g., if requested prior to March 1, 2022, Year 1 of increment will be 2023. The Agency anticipates it will trigger tax increment by March 1, 2022, but in no case will the Agency trigger the first year of tax increment collection after March 1, 2024.

Projected Tax Increment Revenue – Total Generation

Development within the Project Area will commence upon favorable market conditions which will include both horizontal and vertical infrastructure and development. The Agency anticipates that new development will begin in the Project Area in 2021. The contemplated development will generate significant additional property tax revenue as well as incremental sales and use tax above what is currently generated within the Project Area.

Property Tax Increment will begin to be generated in the tax year (ending Dec 1st) following construction completion and Tax Increment will be paid to the Agency in March or April after collection. It is projected that property Tax Increment generation within the Project Area could begin as early as 2021 or as late as 2024. It is currently estimated that during the 20-year life of the Project Area Budget, property Tax Increment could be generated within the Project Area in the approximate amount of \$4.5 million or at a net present value (NPV)¹ of \$2.9 million. This amount is over and above the \$8.2 million of base taxes that the property would generate over 20 years at the \$8.2 annual amount it currently generates as shown in Table 4.1 below.

¹ Net Present Value of future cash flows assumes a 4% discount rate. The same 4% discount rate is used in all remaining NPV calculations. This total is prior to accounting for the flow-through of tax increment to the respective taxing entities.



Section 4: Property Tax Increment

Base Year Property Tax Revenue

The taxing entities are currently receiving - and will continue to receive - property tax revenue from the current assessed value of the property within the Project Area (“Base Taxes”). The current assessed value is estimated to be \$8,244,900.00. Based upon the tax rates in the area, the collective taxing entities are receiving \$69,356 in property tax annually from this Project Area. This equates to approximately \$1,387,122 over the 20-year life of the Project Area.

TABLE 4.1: TOTAL BASE YEAR TO TAXING ENTITIES (OVER 20 YEARS)

Entity	Total	NPV at 4%
Salt Lake County	\$321,221	\$218,275
Salt Lake County Library	84,922	57,706
Salt Lake City School District	550,430	374,026
Millcreek City	303,577	206,286
Salt Lake City Mosquito Abatement District	20,118	13,670
Mt. Olympus Improvement District	40,895	27,789
Central Utah Water Conservancy District	65,959	44,820
Total Revenue	\$1,387,122	\$942,572

Property Tax Increment Shared with RDA

All taxing entities that receive property tax generated within the Project Area, as detailed above, will share at least a portion of that increment generation with the Agency. All taxing entities will contribute 80% of their respective tax increment, except for Central Utah Water Conservancy District and Salt Lake County Library, for 20 years. Central Utah Water Conservancy District will contribute an estimated 75% of their respective tax increment for 20 years. Salt Lake County Library will contribute 0% of their respective tax increment for 20 years. The City, County and the State will **not** contribute any portion of their incremental sales tax to implement the Project Area Plan. Table 4.2 shows the amount of Tax Increment shared with the Agency assuming the participation levels discussed above.

TABLE 4.2: SOURCES OF TAX INCREMENT FUNDS (OVER 20 YEARS)

Entity	Total	NPV at 4%
Salt Lake County	\$843,874	\$531,391
Salt Lake County Library	0	0
Salt Lake City School District	1,446,022	910,566
Millcreek City	797,521	502,202
Salt Lake City Mosquito Abatement District	52,850	33,280
Mt. Olympus Improvement District	107,434	67,651
Central Utah Water Conservancy District	162,450	102,295
Total Sources of Tax Increment Funds	\$3,410,150	\$2,147,385



Uses of Tax Increment

“But-for” the creation of the CRA and public participation, the costs associated with creating a city center, including: land assemblage, parking structures, site improvements, etc. will be too high and the land within the Project Area will remain in its current state.

The Agency will use 5% of the tax increment to administer the CRA. Most of the remaining tax increment collected by the Agency will be used to overcome the obstacles outlined above (80%). Including: offsetting certain on-site public infrastructure costs, development incentives, Agency requested improvements and upgrades, desirable Project Area improvements, and other redevelopment activities as approved by the Agency. The remaining 15% will go towards affordable housing.

TABLE 4.3: USES OF TAX INCREMENT

Uses	Total	NPV at 4%
Redevelopment Activities	\$2,728,120	\$1,717,908
CRA Housing Requirement	511,523	322,108
Project Area Administration	170,508	107,369
Total Uses of Tax Increment Funds	\$3,410,150	\$2,147,385

Total Annual Property Tax Revenue for Taxing Entities at Conclusion of Project

As described above, the collective taxing entities are currently receiving approximately \$69,356 in property taxes annually from this Project Area. At the end of 20 years an additional \$286,008 in property taxes annually is anticipated, totaling approximately \$355,364 in property taxes annually for the area. “But for” the assistance provided by the Agency through tax increment revenues, this 412 percent increase in property taxes generated for the taxing entities would not be possible.

TABLE 4.4: TOTAL BASE YEAR AND END OF PROJECT LIFE ANNUAL PROPERTY TAXES

Entity	Annual Base Year Property Taxes	Annual Property Tax Increment at Conclusion of Project	Total Annual Property Taxes
Salt Lake County	\$16,061	\$66,232	\$82,293
Salt Lake County Library	4,246	17,510	21,756
Salt Lake School District	27,521	113,492	141,013
Millcreek City	15,179	62,594	77,773
Salt Lake City Mosquito Abatement District	1,006	4,148	5,154
Mt. Olympus Improvement District	2,045	8,432	10,477
Central Utah Water Conservancy District	3,298	13,600	16,898
Total Revenue	\$69,356	\$286,008	\$355,364



Exhibit A: Project Area Map



Millcreek Community Reinvestment Agency

Woodland Avenue CRA
Increment and Budget Analysis

ASSUMPTIONS:	
Discount Rate	4.0%
Participation Rate	80.0%
Except for Central Utah Water Conservancy District at 75% and Salt Lake County at 0%	

Tax District: ACP

INCREMENTAL TAX ANALYSIS:	Payment Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	TOTALS	NPV	
	Tax Year	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042			2043
Cumulative Taxable Value	Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20			
Existing Assessed Taxable Value (Project Area)		\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900	\$8,244,900			
Commercial		\$500,000	\$1,000,000	\$1,500,000	\$2,000,000	\$4,500,000	\$6,500,000	\$8,500,000	\$10,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000			
Office		\$2,500,000	\$5,000,000	\$6,000,000	\$7,000,000	\$7,500,000	\$8,000,000	\$8,500,000	\$9,000,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000			
Residential		\$2,000,000	\$4,000,000	\$4,500,000	\$5,000,000	\$5,500,000	\$6,000,000	\$8,000,000	\$10,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000			
Total New Assessed Value:		5,000,000	10,000,000	12,000,000	14,000,000	17,500,000	20,500,000	25,000,000	29,500,000	34,000,000	34,000,000	34,000,000	34,000,000	34,000,000	34,000,000	34,000,000	34,000,000	34,000,000	34,000,000	34,000,000	34,000,000			
Total Assessed Taxable Value of Project Area		13,244,900	18,244,900	20,244,900	22,244,900	25,744,900	28,744,900	33,244,900	37,744,900	42,244,900	42,244,900	42,244,900	42,244,900	42,244,900	42,244,900	42,244,900	42,244,900	42,244,900	42,244,900	42,244,900	42,244,900			
Less Base Year Value		(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)	(8,244,900)			
TOTAL Assessed Value Less Base Year Value (Incremental Value)		\$5,000,000	\$10,000,000	\$12,000,000	\$14,000,000	\$17,500,000	\$20,500,000	\$25,000,000	\$29,500,000	\$34,000,000	\$34,000,000	\$34,000,000	\$34,000,000	\$34,000,000	\$34,000,000	\$34,000,000	\$34,000,000	\$34,000,000	\$34,000,000	\$34,000,000	\$34,000,000			
TAX RATE & INCREMENT ANALYSIS:	2020 Rates																							
Salt Lake County	0.001948	\$9,740	\$19,480	\$23,376	\$27,272	\$34,090	\$39,934	\$48,700	\$57,466	\$66,232	\$66,232	\$66,232	\$66,232	\$66,232	\$66,232	\$66,232	\$66,232	\$66,232	\$66,232	\$66,232	\$66,232	\$1,054,842	\$664,238	
Salt Lake County Library	0.000515	2,575	5,150	6,180	7,210	9,013	10,558	12,875	15,193	17,510	17,510	17,510	17,510	17,510	17,510	17,510	17,510	17,510	17,510	17,510	17,510	278,873	175,607	
Salt Lake City School District	0.003338	16,690	33,380	40,056	46,732	58,415	68,429	83,450	98,471	113,492	113,492	113,492	113,492	113,492	113,492	113,492	113,492	113,492	113,492	113,492	113,492	1,807,527	1,138,207	
Millcreek City	0.001841	9,205	18,410	22,092	25,774	32,218	37,741	46,025	54,310	62,594	62,594	62,594	62,594	62,594	62,594	62,594	62,594	62,594	62,594	62,594	62,594	996,902	627,753	
Salt Lake City Mosquito Abatement District	0.000122	610.00	1,220	1,464	1,708	2,135	2,501	3,050	3,599	4,148	4,148	4,148	4,148	4,148	4,148	4,148	4,148	4,148	4,148	4,148	4,148	66,063	41,600	
Mt. Olympus Improvement District	0.000248	1,240	2,480	2,976	3,472	4,340	5,084	6,200	7,316	8,432	8,432	8,432	8,432	8,432	8,432	8,432	8,432	8,432	8,432	8,432	8,432	134,292	84,564	
Central Utah Water Conservancy District	0.000400	2,000	4,000	4,800	5,600	7,000	8,200	10,000	11,800	13,600	13,600	13,600	13,600	13,600	13,600	13,600	13,600	13,600	13,600	13,600	13,600	216,600	136,394	
TOTAL INCREMENTAL REVENUE IN PROJECT AREA:	0.008412	\$42,060	\$84,120	\$100,944	\$117,768	\$147,210	\$172,446	\$210,300	\$248,154	\$286,008	\$286,008	\$286,008	\$286,008	\$286,008	\$286,008	\$286,008	\$286,008	\$286,008	\$286,008	\$286,008	\$286,008	\$4,555,098	\$2,868,363	
PROJECT AREA BUDGET		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043			
Sources of Funds:		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	TOTALS	NPV
Property Tax Participation Rate for Budget																								
Salt Lake County		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%		
Salt Lake County Library		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
Salt Lake City School District		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%		
Millcreek City		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%		
Salt Lake City Mosquito Abatement District		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%		
Mt. Olympus Improvement District		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%		
Central Utah Water Conservancy District		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Property Tax Increment for Budget																								
Salt Lake County		\$7,792	\$15,584	\$18,701	\$21,818	\$27,272	\$31,947	\$38,960	\$45,973	\$52,986	\$52,986	\$52,986	\$52,986	\$52,986	\$52,986	\$52,986	\$52,986	\$52,986	\$52,986	\$52,986	\$52,986	\$843,874	\$531,391	
Salt Lake County Library		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Salt Lake City School District		\$13,352	\$26,704	\$32,045	\$37,386	\$46,732	\$54,743	\$66,760	\$78,777	\$90,794	\$90,794	\$90,794	\$90,794	\$90,794	\$90,794	\$90,794	\$90,794	\$90,794	\$90,794	\$90,794	\$90,794	1,446,022	910,566	
Millcreek City		\$7,364	\$14,728	\$17,674	\$20,619	\$25,774	\$30,192	\$36,820	\$43,448	\$50,075	\$50,075	\$50,075	\$50,075	\$50,075	\$50,075	\$50,075	\$50,075	\$50,075	\$50,075	\$50,075	\$50,075	797,521	502,202	
Salt Lake City Mosquito Abatement District		\$488	\$976	\$1,171	\$1,366	\$1,708	\$2,001	\$2,440	\$2,879	\$3,318	\$3,318	\$3,318	\$3,318	\$3,318	\$3,318	\$3,318	\$3,318	\$3,318	\$3,318	\$3,318	\$3,318	52,850	33,280	
Mt. Olympus Improvement District		\$992	\$1,984	\$2,381	\$2,778	\$3,472	\$4,067	\$4,960	\$5,853	\$6,746	\$6,746	\$6,746	\$6,746	\$6,746	\$6,746	\$6,746	\$6,746	\$6,746	\$6,746	\$6,746	\$6,746	107,434	67,651	
Central Utah Water Conservancy District		\$1,500	\$3,000	\$3,600	\$4,200	\$5,250	\$6,150	\$7,500	\$8,850	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	\$10,200	162,450	102,295	
Total Property Tax Increment for Budget:		\$31,488	\$62,976	\$75,571	\$88,166	\$110,208	\$129,101	\$157,440	\$185,779	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$3,410,150	\$2,147,385	
Uses of Tax Increment Funds:		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	TOTALS	NPV	
Redevelopment Activities (Infrastructure, Relocation, Incentives, etc.)	80.0%	\$25,190	\$50,381	\$60,457	\$70,533	\$88,166	\$103,281	\$125,952	\$148,623	\$171,295	\$171,295	\$171,295	\$171,295	\$171,295	\$171,295	\$171,295	\$171,295	\$171,295	\$171,295	\$171,295	\$171,295	\$2,728,120	\$1,717,908	
CRA Housing Requirement	15.0%	4,723	9,446	11,336	13,225	16,531	19,365	23,616	27,867	32,118	32,118	32,118	32,118	32,118	32,118	32,118	32,118	32,118	32,118	32,118	32,118	511,523	322,108	
RDA Administration	5.0%	1,574	3,149	3,779	4,408	5,510	6,455	7,872	9,289	10,706	10,706	10,706	10,706	10,706	10,706	10,706	10,706	10,706	10,706	10,706	10,706	170,508	107,369	
Total Uses		\$31,488	\$62,976	\$75,571	\$88,166	\$110,208	\$129,101	\$157,440	\$185,779	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$214,118	\$3,410,150	\$2,147,385	
REMAINING TAX REVENUES FOR TAXING ENTITIES		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	TOTALS	NPV	
Salt Lake County		\$1,948	\$3,896	\$4,675	\$5,454	\$6,818	\$7,987	\$9,740	\$11,493	\$13,246	\$13,246	\$13,246	\$13,246	\$13,246	\$13,246	\$13,246	\$13,246	\$13,246	\$13,246	\$13,246	\$13,246	\$210,968	\$132,848	
Salt Lake County Library		2,575	5,150	6,180	7,210	9,013	10,558	12,875	15,193	17,510	17,510	17,510	17,510	17,510	17,510	17,510	17,510	17,510	17,510	17,510	17,510	278,873	175,607	
Salt Lake City School District		3,338	6,676	8,011	9,346	11,683	13,686	16,690	19,694	22,698	22,698	22,698	22,698	22,698	22,698	22,698	22,698	22,698	22,698	22,698	22,698	361,505	227,641	
Millcreek City		1,841	3,682	4,418	5,155	6,444	7,548	9,205	10,862	12,51														