

PROJECT AREA BUDGET

OLYMPUS HILLS COMMUNITY REINVESTMENT AREA (CRA)

MILLCREEK COMMUNITY REINVESTMENT AGENCY, UTAH



NOVEMBER 26, 2018


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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 Olympus Hills Community Reinvestment Project Area (the “Project Area”). The Plan is the result of a comprehensive evaluation of the types of appropriate land-uses and economic development opportunities for the land encompassed by the Project Area which includes land east of Interstate 215 East along Wasatch Blvd near the freeway interchange.

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 land east of Interstate 215 East along Wasatch Blvd near the freeway interchange. The Project Area is comprised of approximately 42 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 2017 tax year which is estimated to be \$3,768,320. Using the tax rates established within the Project Area the property taxes levied equate to \$56,412 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, 2019, Year 1 of increment will be 2020. The Agency anticipates it will trigger tax increment by March 1, 2020, but in no case will the Agency trigger the first year of tax increment collection after March 1, 2023.

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 2020. 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 2020 or as late as 2021. 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 \$6.59 million or at a net present value (NPV)¹ of \$4.21 million. This amount is over and above the \$1.13 million of base taxes that the property would generate over 20 years at the \$56,412 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 \$3,768,320. Based upon the tax rates in the area, the collective taxing entities are receiving \$56,412 in property tax annually from this Project Area. This equates to approximately \$1,128,235 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	\$152,617	103,706
Salt Lake County Library	42,130	28,628
Granite School District	589,516	400,586
Millcreek City	151,637	103,040
South Salt Lake Valley Mosquito Abatement District	1,130	768
Mt. Olympus Improvement District	21,027	14,288
Central Utah Water Conservancy District	30,147	20,485
Unified Fire Service Area	140,031	95,153
Total Revenue	\$1,128,235	\$766,654

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 70% 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

Entity	Percentage	Length	Total	NPV at 4%
Salt Lake County	70%	20 Years	\$624,156	\$398,887
Salt Lake County Library	70%	20 Years	172,298	110,112
Granite School District	70%	20 Years	2,410,939	1,540,786
Millcreek City	70%	20 Years	620,149	396,326
South Salt Lake Valley Mosquito Abatement District	70%	20 Years	4,623	2,955
Mt. Olympus Improvement District	70%	20 Years	85,995	54,958
Central Utah Water Conservancy District	70%	20 Years	123,290	78,792
Unified Fire Service Area	70%	20 Years	572,683	365,991
Total Sources of Tax Increment Funds			\$4,614,134	\$2,948,806

USES OF TAX INCREMENT

The Agency will use 3% of the tax increment to administer the CRA. Most of the remaining tax increment collected by the Agency will be used for redevelopment activities in the Project Area (87%). Including: offsetting certain on-site public infrastructure costs, land assemblage, development incentives, Agency requested improvements and upgrades, desirable Project Area improvements, and other redevelopment activities as approved by the Agency. The remaining 10% will go towards affordable housing, as required by the Act.

TABLE 4.3: USES OF TAX INCREMENT

Uses	Total	NPV at 4%
Redevelopment Activities	\$4,014,296	\$2,565,461
CRA Housing Requirement	461,413	294,881
Project Area Administration	138,424	88,464
Total Uses of Tax Increment Funds	\$4,614,134	\$2,948,806

A multi-year projection of tax increment is including in **EXHIBIT B**.

TOTAL ANNUAL PROPERTY TAX REVENUE FOR TAXING ENTITIES AT CONCLUSION OF PROJECT

As described above, the collective taxing entities are currently receiving approximately \$56,412 in property taxes annually from this Project Area. At the end of 20 years an additional \$394,237 in property taxes annually is anticipated, totaling approximately \$450,649 in property taxes annually for the area. “But for” the assistance provided by the Agency through tax increment revenues, this 699 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	\$7,631	\$53,329	\$60,960
Salt Lake County Library	2,106	14,721	16,828
Granite School District	29,476	205,994	235,469
Millcreek City	7,582	52,986	60,568
South Salt Lake Valley Mosquito Abatement District	57	395	452
Mt. Olympus Improvement District	1,051	7,348	8,399
Central Utah Water Conservancy District	1,507	10,534	12,041
Unified Fire Service Area	7,002	48,931	55,932
Total Revenue	\$56,412	\$394,237	\$450,649

SECTION 5: COST/BENEFIT ANALYSIS

ADDITIONAL REVENUES

Other Tax Revenues

The development within the Project Area will also generate sales taxes for the City and County.

Table 5.1 shows the total revenues generated by the Project Area. This total includes the anticipated property tax increment and sales and use tax.

TABLE 5.1 TOTAL REVENUES

Entity	Property Tax	Sales Tax	Total Incremental Revenues
Salt Lake County	\$891,652	\$874,010	\$1,765,662
Salt Lake County Library	246,140	-	246,140
Granite School District	3,444,198	-	3,444,198
Millcreek City	885,928	\$499,435	1,385,363
South Salt Lake Valley Mosquito Abatement District	6,605	-	6,605
Mt. Olympus Improvement District	122,850	-	122,850
Central Utah Water Conservancy District	176,129	-	176,129
Unified Fire Service Area	818,118	-	818,118
Total Revenue	\$6,591,620	\$1,373,445	\$7,965,065

ADDITIONAL COSTS

The development anticipated within the Project Area will also likely result in additional general government, public works, and public safety costs. These costs, along with the estimated budget to implement the Project Area Plan, are identified below.

TABLE 5.2 TOTAL EXPENDITURES

Entity	CRA Budget	General Government	Public Works	Public Safety	Total Incremental Expenditures
Salt Lake County	\$624,156	\$24,568	-	-	\$648,724
Salt Lake County Library	172,298	²	-	-	172,298
Granite School District	2,410,939	241,240	-	-	2,652,179
Millcreek City	620,149	139,442	164,380	296,232	1,220,203
South Salt Lake Valley Mosquito Abatement District	4,623	340	-	-	4,963
Mt. Olympus Improvement District	85,995	16,134	-	-	102,129
Central Utah Water Conservancy District	123,290	10,017	-	-	133,307
Unified Fire Service Area	572,683	40,327	-	-	613,010
Total Expenditures	\$4,614,134	\$472,069	\$164,380	\$296,232	\$5,546,813

The total net benefit to the taxing entities of participating in the Project Area is \$2,418,252, with the City's net benefit being \$165,160.

EXHIBIT A: PROJECT AREA MAP

² The Library's General Government expenditure is included in the County's \$24,568 expense.

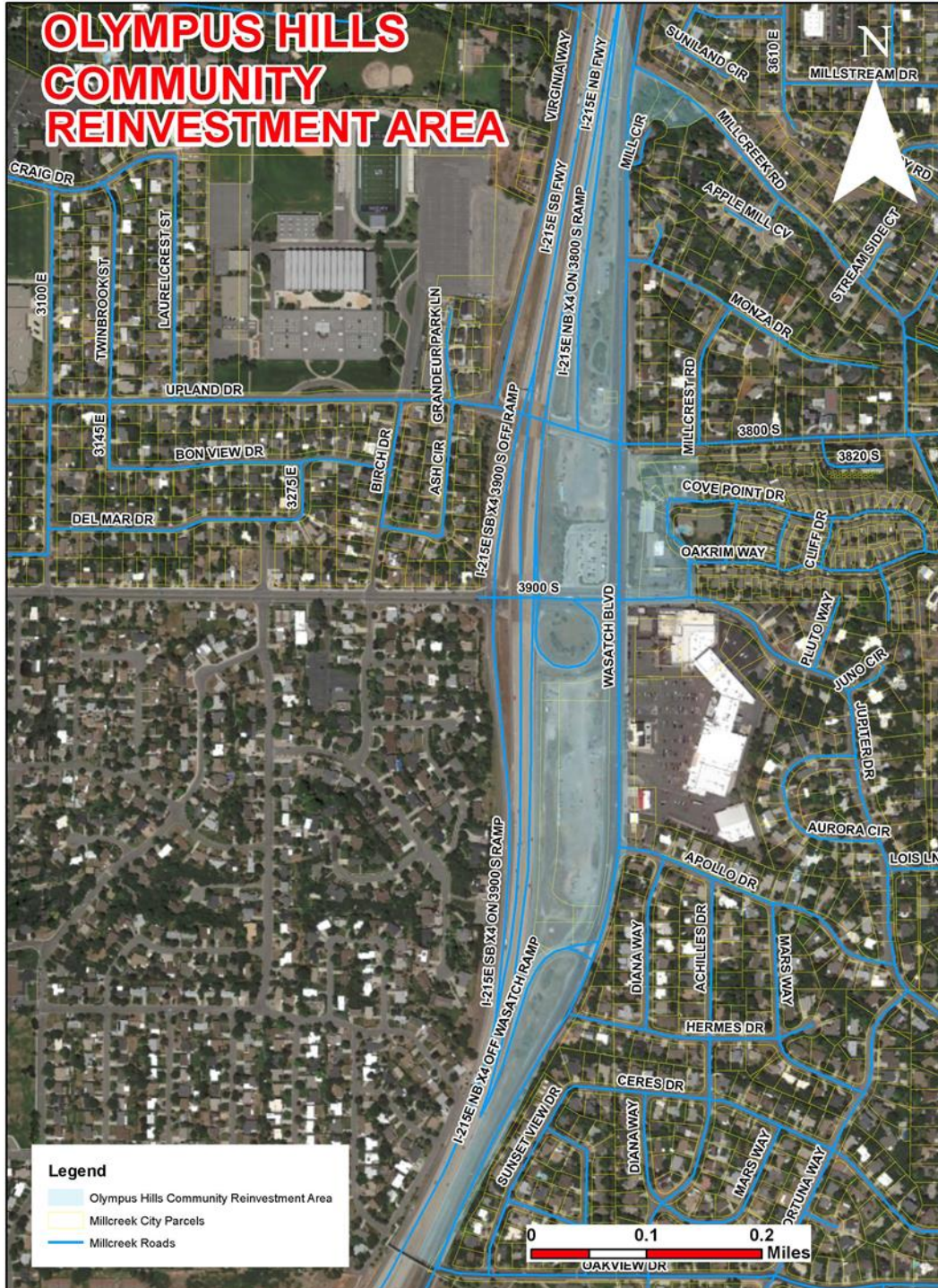




EXHIBIT B: MULTI-YEAR BUDGET