

RESOLUTION NO. R-04 -2018

**A RESOLUTION OF THE REDEVELOPMENT AGENCY
OF EAGLE MOUNTAIN CITY, UTAH, ADOPTING THE PROJECT
AREA BUDGET FOR THE SWEETWATER INDUSTRIAL PARK
COMMUNITY REINVESTMENT PROJECT AREA #1**

WHEREAS, the Eagle Mountain Redevelopment Agency (the "Agency") was created to transact the business and exercise the powers provided for in the current Limited Purpose Local Government Entities - Community Reinvestment Agency Act, Title 17C of the Utah Code Ann. 1953, as amended (the "Act"); and

WHEREAS, the Agency has adopted by Resolution the Sweetwater Industrial Park Community Reinvestment Project Area #1 Plan (the "Plan") for the Sweetwater Industrial Park Community Reinvestment Project Area #1 (the "Project Area"); and

WHEREAS, the Plan allows for the Agency to collect tax increment created within the Project Area to assist in the creation of jobs, to meet other goals and objectives as outlined in the Plan, to promote economic development, and provide a public benefit within Eagle Mountain City (the "City"); and

WHEREAS, the Agency has prepared a Project Area Budget in accordance with section 17C-5-303 of the Act.

WHEREAS, the Agency has held a public hearing on the draft Project Area Budget and at that hearing allowed public comment on the draft Project Area Budget and whether the draft Project Area Plan should be revised, approved or rejected; and

WHEREAS, after holding the public hearing, and at the same meeting, the Agency considered the oral and written objections to the draft Project Area Budget, and whether to revise, approve or reject the draft Project Area Budget;

NOW, THEREFORE BE IT RESOLVED BY THE EAGLE MOUNTAIN REDEVELOPMENT AGENCY:

1. The Project Area Budget attached hereto as **Exhibit A**, and incorporated herein is hereby approved and adopted effective immediately. All comments and objections to the draft Project Area Budget (if any) have been considered and are, unless otherwise provided in the minutes of this meeting (if at all), passed upon.
2. The Agency staff is authorized to finalize negotiations with the taxing entities that levy a certified rate in the Project Area, to participate with the Agency in the implementation and funding of the Budget in accordance with Sections 17C-5-201, 202, 203, 204, 205 and 206 of the Act.

ADOPTED this 15th day of May, 2018.


Tom Westmoreland, Chair

ATTEST:


Aaron Sanborn, Executive Secretary



CERTIFICATION

The above resolution was adopted by the Redevelopment Agency of Eagle Mountain City on the 15th day of May, 2018.

Those voting aye:

- Donna Burnham
- Melissa Clark
- Colby Curtis
- Stephanie Gricius
- Benjamin Reaves
- Tom Westmoreland

Those voting nay:

- Donna Burnham
- Melissa Clark
- Colby Curtis
- Stephanie Gricius
- Benjamin Reaves
- Tom Westmoreland



Aaron Sanborn, Executive Director

EXHIBIT A: PROJECT AREA BUDGET

DRAFT PROJECT AREA BUDGET

SWEET WATER INDUSTRIAL PARK COMMUNITY REINVESTMENT AREA (CRA) #1

EAGLE MOUNTAIN REDEVELOPMENT AGENCY, UTAH



APRIL 2018


LEWIS YOUNG
ROBERTSON & BURNINGHAM, INC.

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Section 1: Introduction

The Eagle Mountain Redevelopment Agency (the "Agency"), following thorough consideration of the needs and desires of the City of Eagle Mountain (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 Sweet Water Industrial Park Community Reinvestment Project Area #1 (the "Project Area"). The Plan is the end 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 lies within the southwest portion of the City, generally to the west of Lake Mountain Road, east of 1600 W, and to the north of 1000 North.

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 been observed at all times throughout the establishment of the Project Area.

Section 2: Description of Community Development Project Area

The Project Area lies west of Lake Mountain Road, east of 1600 W, and to the north of 1000 N, and is located within the City's southwestern boundaries. The property is currently under greenbelt classification and is generating very little tax revenue for the City and other taxing entities. The property encompasses approximately 487 acres of land.

A map of the Project Area are 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 in order 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 \$5,867. Using the tax rates established within the Project Area the property taxes levied equate to \$66 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

This Budget 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 the tax increment by March 1, 2021 but in no case will the Agency trigger the first 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 2018. 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 actually 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 2019 or as late as 2020. 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 \$150.07 million or at a net present value (NPV)¹ of \$102.44 million. This amount is over and above the \$1,310 of base taxes that the property would generate over 20 years at the \$66 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 \$5,867. Based upon the tax rates in the area, the collective taxing entities are receiving \$66 in property tax annually from this Project Area. This equates to approximately \$1,310 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%
Utah County	\$91	\$62
Alpine School District	841	571
Eagle Mountain City	119	81
Central Utah Water Conservancy District	47	32
Unified Fire Service Area – Salt Lake County	212	144
Total Revenue	\$1,310	\$890

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 100% of their respective tax increment off of the personal property within the Project Area and 80% of their respective tax increment off of the real property 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. The assumptions in this analysis only include the tax increment projections on the first two phases of the development. The Agency may be allowed to receive 20 years of tax increment on each building that is constructed during the initial 20 year tax increment financing period. Each addition 20 year period will be negotiated and outlined in an amended interlocal agreement, as necessary. 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%
Utah County	100% Personal Property 80% Real Property	20 Years	\$9,301,260	\$7,293,590
Alpine School District	100% Personal Property 80% Real Property	20 Years	85,573,980	67,102,904
Eagle Mountain City	100% Personal Property 80% Real Property	20 Years	12,071,340	9,465,751
Central Utah Water Conservancy District	100% Personal Property 80% Real Property	20 Years	4,776,000	3,745,104
Unified Fire Service Area – Salt Lake County	100% Personal Property 80% Real Property	20 Years	21,599,460	16,937,234
Total Sources of Tax Increment Funds			\$133,322,040	\$104,544,582

Uses of Tax Increment

The anticipated development includes numerous costs, including land purchase, infrastructure and over \$375 million of personal property. "But-for" the creation of the CRA and public participation, the costs associated with the development would be too high, and the Project Area would remain in its underutilized state.

The Agency will take a flat annual payment of \$5,000 to administer the CRA. The majority of the remaining Tax Increment collected by the Agency will be used to overcome the obstacles outlined above (90%). 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 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	\$119,899,836	\$81,891,273
CRA Housing Requirement	13,322,204	9,099,030
Project Area Administration	100,000	67,952
Total Uses of Tax Increment Funds	\$133,322,040	\$91,058,255

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 \$66 in property taxes annually from this Project Area. At the end of 20 years an additional \$8,374,500 in property taxes annually is anticipated, totaling approximately \$8,374,566 in property taxes annually for the area. "But for" the assistance provided by the RDA through tax increment revenues, this momentous 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
Utah County	\$5	\$584,250	\$584,255
Alpine School District	42	5,375,250	5,375,292
Eagle Mountain City	6	758,250	758,256
Central Utah Water Conservancy District	2	300,000	300,002
Unified Fire Service Area – Salt Lake County	11	1,356,750	1,356,761
Total Revenue	\$66	\$8,374,500	\$8,374,566

Section 5: Cost/Benefit Analysis

Additional Revenues

Other Tax Revenues

The development within the Project Area will also generate sales taxes, energy sales and use taxes for natural gas and telecommunications.

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

TABLE 5.1 TOTAL REVENUES

Entity	Property Tax	Franchise Tax	Total Incremental Revenues
Utah County	\$10,469,760	-	\$10,469,760
Alpine School District	96,324,480	-	96,324,480
Eagle Mountain City	13,587,840	359,982	13,947,822
Central Utah Water Conservancy District	5,376,000	-	5,376,000
Unified Fire Service Area – Salt Lake County	24,312,960	-	24,312,960
Total Revenue	\$150,071,040	\$359,982	\$150,431,022

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.

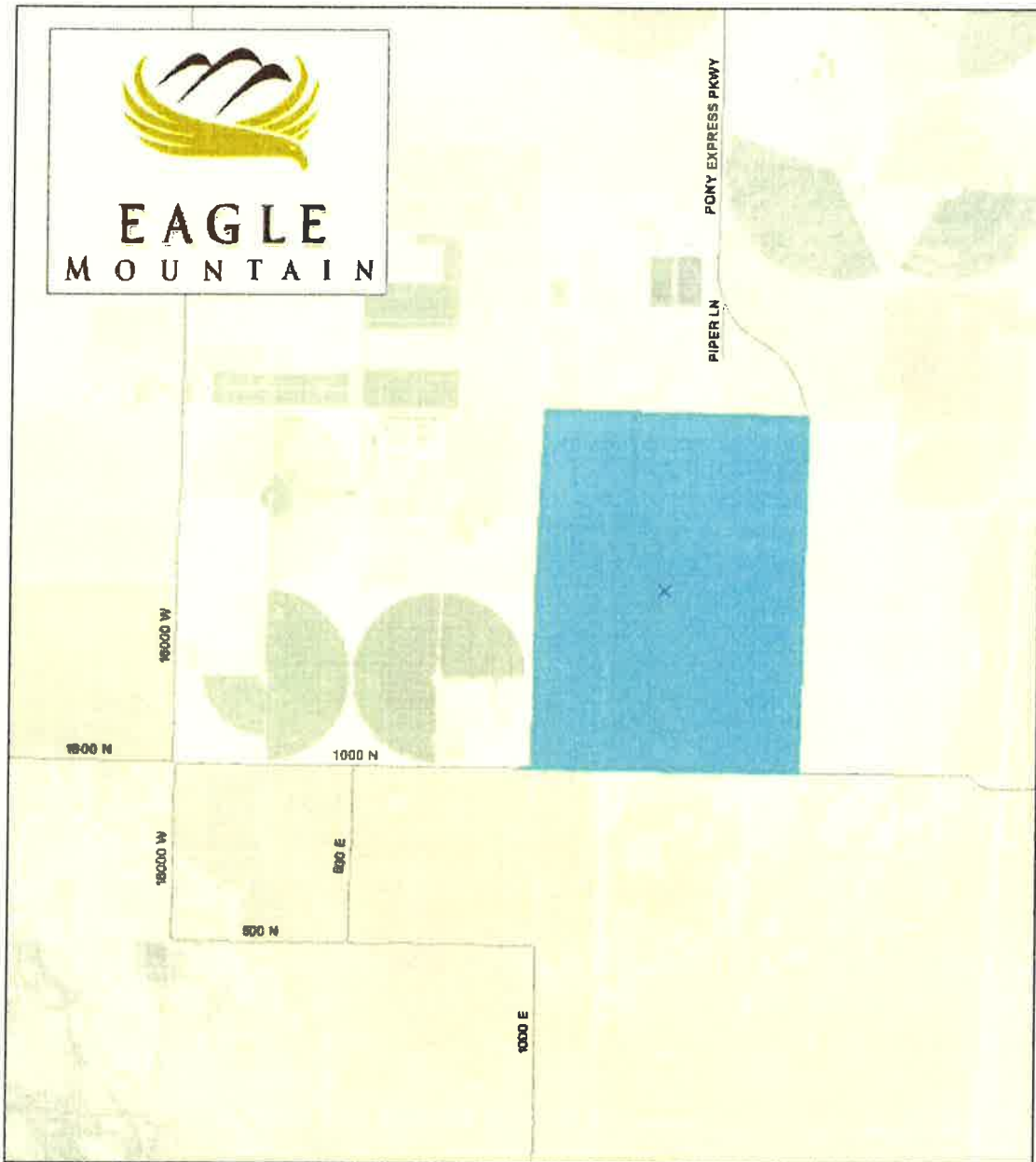
TABLE 5.2 TOTAL EXPENDITURES

Entity	CRA Budget	General Government	Public Works	Public Safety	Total Incremental Expenditures
Utah County	\$9,301,260	\$208,815	-	-	\$9,510,075
Alpine School District	85,573,980	931,374	-	-	86,505,354
Eagle Mountain City	12,071,340	423,378	671,337	351,458	13,517,513
Central Utah Water Conservancy District	4,776,000	140,497	-	-	4,916,497
Unified Fire Service Area – Salt Lake County	21,599,460	522,278	-	-	22,121,738
Total Expenditures	\$133,322,040	\$2,226,343	\$1,049,890	\$351,548	\$136,571,178

The total net benefit to the taxing entities of participating in the Project Area is \$13,859,844, with the City's net benefit being \$430,308².

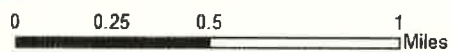
² The net benefit does not include the \$13.32 million housing portion of tax increment that will be reinvested into the City. Including this increases the City's net benefit to \$13,752,512.

Exhibit A: Project Area Map



SWEET WATER INDUSTRIAL PARK CRA #1

 Sweet Water Industrial Park Boundary



LEWIS  YOUNG
ROBERTSON & BURNINGHAM, PC.





Exhibit B: Multi-Year Budget

Eagle Mountain Redevelopment Agency
 Sweet Water Industrial Park CRA #1
 Increment and Budget Analysis

ASSUMPTIONS:

Discount Rate	4.0%
Inflation Rate	0.0%

Incremental Tax Item / Source of Funds	Year											TOTALS	NPV				
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032						
INCREMENTAL TAX (MAIL) FNS:																	
Real Property Value (Building & Land)	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000
Personal Property Value	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000	\$375,000,000
Total Assessment Value	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000	\$750,000,000
Value of Current Property	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867
Less Base Year Value	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867	\$5,867
TOTAL INCREMENTAL VALUE:	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133	\$744,133
TAX RATE & INCREMENT ANALYSIS:																	
Utah County	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779	0.000779
Alpine School District	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111	0.00111
Eagle Mountain City	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419	0.000419
Central Utah Water Conservancy District	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169	0.0000169
Unified Fire Services Area - Salt Lake County	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156	0.011156
TOTAL INCREMENTAL REVENUE IN PROJECT AREA:	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500
PROJECT AREA BUDGET	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500	\$8,374,500
Source of Funds:																	
Real Property Value (Building & Land)	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Personal Property Value	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
PROJECT AREA INCREMENT FOR BUDGET	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Source of Funds:																	
Utah County	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Alpine School District	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Eagle Mountain City	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Central Utah Water Conservancy District	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Unified Fire Services Area - Salt Lake County	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Total Property Tax Increment for Budget	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925	\$5,443,925
Other Incremental Revenue:																	
CRS Housing Requirement	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945	\$6,718,945
ADA Administration	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205	\$75,205
TOTAL TAX REVENUES FOR FUNDING ENTITIES	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870
REMAINING TAX REVENUES FOR FUNDING ENTITIES	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370	\$3,768,370
TOTALS	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870	\$12,142,870
NPV	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075	\$1,321,075