

**MEDICAL SCHOOL COMMUNITY REINVESTMENT PROJECT AREA
BUDGET (AMENDED)**

Adopted on April 16, 2024



Section 1: Introduction

This amended Project Area Budget reflects the economic projections with the enlarged boundaries of the Project Area and describes the increased development within the Project Area as contemplated by the Agency. This amended Project Area Budget replaces the original Project Area Budget in its entirety.

The Agency Board requested that the Redevelopment Agency of Provo City (the “**Agency**”), with the assistance of hired consultants and staff, prepare a Community Reinvestment Project Area Budget pursuant to the provisions of Chapters 1 and 5 of the Utah Community Reinvestment Agency Act, Title 17C of the Utah Code Annotated 1953, as amended (the “**Act**”) for the Provo Medical School Community Reinvestment Project Area (the “**CRA**” or the “**Project Area**”). This Community Reinvestment Project Area Budget (the “**Project Area Budget**” or the “**Budget**”) is for a project (the “**Project**”) located entirely within the boundaries of Provo City. The requirements of the Act, including notice and hearing obligations, have been scrupulously observed at all times throughout the establishment of the Project Area, the Project Area Plan, and this Budget.

This Budget is prepared in good faith as a current reasonable estimate of the economic impact of projected development within the amended and expanded Project Area. Fundamental economic and other circumstances may influence the actual impact. With these assumptions, the information contained within this Budget represents the reasonable expectations of the Agency. The Agency makes no guarantee that the projections contained in this Budget of the Project Area Plan for the Project Area accurately reflect the future development within the Project Area. Further, the Agency specifically reserves all powers granted to it under the Act, now and as may be amended; this Budget shall not be interpreted to limit or restrict the powers of the Agency as granted by the Act. The actual amount of tax increment received by the Agency will be determined solely by interlocal agreement(s) between the Agency and the various taxing entities; this Budget does not control the flow of tax increment money, nor does it entitle the Agency to receive money from tax increment or any other source.

Section 2: Base Taxable Value (§ 17C-5-303(1)(a))

The base taxable value of locally-assessed real property within the Project Area as of the date of this Budget is estimated to be approximately \$36.9 million as shown on the Utah County Assessor’s tax rolls. After the expansion of Project Area and the corresponding tax area by Utah County and the Utah State Tax Commission, the Tax Commission will determine the amount of taxable personal property and taxable centrally-assessed property (if any) within the Project Area.

The base taxable value used to calculate the sharing of tax increment pursuant to interlocal agreements with the taxing entities will be set in each interlocal agreement as required by Utah Code § 17C-5-204(6)(a). The Agency anticipates using a base taxable value in the interlocal agreements of approximately \$14.1 million, which excludes the value of the recently-completed medical school building.

Section 3: Projected Amount of Tax Increment to be Generated within the Project Area (§ 17C-5-303(1)(b))

Based on projected new investment of approximately \$364 million within the Project Area, and a corresponding increase in taxable value of approximately \$180.4 million, the Agency expects that the Project will generate a total of \$32.3 million in tax increment over 20 years. Without the development of the Project, the Agency estimates that over the same 20-year period the taxing entities would receive only \$2.9 million in property tax revenues from the same area as the land within the Project Area is treated as vacant commercial and assuming no development on the Property for the 20 years (and assuming the new medical school building had not already been constructed).

Section 4: Project Area Funds Collection Period (§ 17C-5-303(1)(c))

The Agency anticipates collecting tax increment from the Project Area for a period of 20 years. The actual details of tax increment collected by the Agency will be established via interlocal agreements with the various taxing entities.

Section 5: Projected Amount of Tax Increment to be Paid to Other Taxing Entities in Accordance with Section 17C-1-410 (§ 17C-5-303(1)(d))

The Agency anticipates collecting a portion of the tax increment from the taxing entities that levy taxes on property within the Project Area for a period of 20 years. The Agency expects to retain approximately \$2.3 million of that tax increment to be used to pay for changes required to the Provo Municipal Golf Course that were necessary to allow development of the new medical school and other Agency expenditures, while the remaining amounts will be used to reimburse the developer for improvements to sewer and other utilities (whether through direct reimbursement or by contributing project area funds toward repayment of the debt issued by the public infrastructure district created for this same area). The actual details of tax increment collected by the Agency will be established via interlocal agreements with the taxing entities. The Agency currently anticipates receiving, for a period of 20 years, 70 percent of the increment from each of the taxing entities. Based on these anticipated percentages, the Agency estimates that the various taxing entities will receive new tax revenues from the Project Area over 20 years as follows:

Provo School District	\$6,985,499
Provo City	\$1,706,127
Utah County	\$624,913
Central Utah Water Dist	\$381,045

Section 6: Area from which Tax Increment is to Be Collected (§ 17C-5-303(1)(e))

The Agency anticipates collecting tax increment from the entire Project Area. The actual details of tax increment collected by the Agency will be established via interlocal agreements with the various taxing entities.

Section 7: Percentage of Tax Increment the Agency is Authorized to Receive (§ 17C-5-303(1)(f))

The Agency anticipates collecting a portion of the tax increment from the taxing entities that levy taxes on property within the Project Area for a period of 20 years. The Agency currently anticipates receiving, for a period of 20 years, 70 percent of the increment from each of the taxing entities. The actual details of tax increment collected by the Agency will be established via interlocal agreements with the various taxing entities. From the tax increment that the Agency receives, the Agency anticipates using a small portion (likely less than five percent) to cover the costs of Agency and Project Area administration, as described below. Additionally, the Agency expects that this Project Area will be subject to the mandatory ten-percent housing allocation as set forth in Utah Code § 17C-1-412.¹

Section 8: Maximum Cumulative Dollar Amount the Agency is Authorized to Receive (§ 17C-5-303(1)(g))

The actual details of tax increment collected by the Agency will be established via interlocal agreements with the various taxing entities. Each of these interlocal agreements may feature a maximum amount of tax increment that the Agency may receive.

¹ Note that the Agency reserves the right to eliminate this mandatory housing allocation if future legislative changes allow it to do so.

Section 9: Sales and Use Tax Revenue (§ 17C-5-303(2))

The Agency does not anticipate that development within the Project Area will generate significant new sales or use tax revenues, and the Agency therefore does not expect to receive any sales or use tax revenue from the Project Area.

Section 10: Uses of Project Area Funds (§ 17C-5-303(3))

As set forth in the Project Area Plan, the Agency intends to use tax increment generated by development within the Project Area for payment of public infrastructure costs related to the development within the Project Area, or other uses as allowed by the Act.

Section 11: Combined Incremental Value (§ 17C-5-303(4))

The current market value of the real property within the Project Area is estimated to be approximately \$14.1 million. The Agency anticipates that the proposed project area development will involve new taxable value of approximately \$180.4 million. As such, the Agency expects that the combined incremental value of all property within the Project Area will be approximately \$195 million upon completion of the proposed development and that the value of the real property within the Project Area will continue to appreciate slightly.

The 2023 incremental value in the Agency's other active project areas is as follows:

South University Ave CDA	\$ 54,189,677
RDA #4	\$ 70,413,854
Aviation Services CDA	\$ 73,252,861
Total	\$ 197,856,392

Section 12: Amount of Project Area Funds used for Administrative Expenses (§ 17C-5-303(5))

The Agency anticipates using not more than five percent of the Project Area funds generated by development within the Project Area to cover the costs and expenses of administering the Project Area. Actual limits on or requirements for the Agency's use of Project Area funds for administrative expenses may be set forth in the various agreements relating to the Project Area.

Section 13: Property Owned by the Agency (§ 17C-5-303(6))

The Agency does not own any property within the Project Area and does not anticipate acquiring any property within the Project Area.

Section 14: Other Matters

Detailed financial projections for the Project Area are set forth on the attached **Exhibit A**. These calculations are based on assumptions about future development that may or may not be correct. The figures set forth on the spreadsheet are for illustrative purposes only and shall not be interpreted to limit or obligate the Agency with regard to the receipt or distribution of tax increment from the Project Area.

Exhibit A

Detailed financial projections