CLEARFIELD COMMUNITY DEVELOPMENT AND RENEWAL AGENCY
AGENDA AND SUMMARY REPORT
April 30, 2024 - WORK SESSION

*Meetings of the City Council of Clearfield City may be conducted via electronic means pursuant to Utah Code Ann. § 52-4-207 as amended. In such circumstances, contact will be established and maintained via electronic means and the meetings will be conducted pursuant to the Electronic Meetings Policy established by the City Council for electronic meetings.*

55 South State Street
Third Floor
Clearfield, Utah

**6:00 P.M. WORK SESSION**

*(CDRA Work Session will immediately follow the City Council Work Session scheduled for 6:00 p.m.)*

Discussion on the Fiscal Year 2025 Proposed CDRA Budget

*****ADJOURN THE CLEARFIELD COMMUNITY DEVELOPMENT & RENEWAL AGENCY WORK SESSION*****

Posted April 25, 2024.

/s/Chersty Titensor, Deputy City Recorder

The City of Clearfield, in accordance with the 'Americans with Disabilities Act' provides accommodations and auxiliary communicative aids and services for all those citizens needing assistance. Persons requesting these accommodations for City sponsored public meetings, service programs or events should call Nancy Dean at 801-525-2714, giving her 48-hour notice.

The complete public notice is posted on the Utah Public Notice Website - www.utah.gov/pmn/, the Clearfield City Website - clearfield.city, and at Clearfield City Hall, 55 South State Street, Clearfield, UT 84015. To request a copy of the public notice or for additional inquiries please contact Nancy R. Dean at Clearfield City, nancy.dean@clearfieldcity.org & 801-525-2714

# STAFF REPORT

**TO:** Mayor Shepherd and City Council Members

**FROM:** Spencer Wayne Brimley, Community Development Director

**MEETING DATE:** April 30, 2024

**SUBJECT:** FY25 CDRA Draft Budget review

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**RECOMMENDED ACTION**

Discussion only.

**DESCRIPTION / BACKGROUND**

The Clearfield Community Development and Renewal Agency currently has seven active project areas—four Redevelopment Areas (RDAs), one Economic Development Area (EDA), the Clearfield Station CDA, and the Lifetime Products Community Reinvestment Area (CRA). The anticipated revenues and expenditures for these project areas are shown on the attached summary chart, which we will review in the April 30th work session.

A significant upcoming change is that Tax Year 2023 was the final year for RDA 7 tax increment revenue. Therefore, the FY25 budget will not show any new revenue for RDA 7. Also, with the expiration of RDA 7, we will no longer be making incentive payments to the City Centre mixed-use development (FY24 will include the final incentive payment). State law will require that we spend the remaining RDA 7 funds (about $580k) within the next few years.

Since the construction of the Clearfield Aquatic and Fitness Center, the CDRA has serviced the debt associated with the facility. The CDRA is also the conduit for the incentives made to Northrop Grumman (EDA, formerly ATK) and the Lifetime Products (CRA) expansion. The transfer to the General Fund for "CDRA Administration" covers the day-to-day redevelopment and economic development efforts of staff, along with the administrative overhead of those functions.

Another noteworthy milestone is that the FY25 budget will include our first out-of-pocket expenditure for the Clearfield Station infrastructure bond ($199k due January 2025). This bond was structured with capitalized interest for the first three years (meaning the interest was built into the bond proceeds, so no money out of the CDRA / City budget), and then "interest only" for two years. This will be our first "interest only" payment. So long as the developer begins construction this year, the cash flow to service this debt in future years should work out fine, but we are watching this closely. In a worst-case scenario, there are other CDRA funds that can help bridge a gap.

Since 2020 we have discussed using funds from the CDRA to underground the power and telecommunications lines on the west side of State Street, from 350 South to 550 South (RDA 7). This project continues to be a difficult one as we are at the mercy of a couple of telecommunications companies. We have not included that project in the draft FY25 budget, but if there is a promising opportunity to accomplish undergrounding, we will review it with the Board, and could consider amending the budget.

There is, however, a different undergrounding opportunity that staff does recommend pursuing. The properties on the north side of 700 South, between State Street and 1000 East (in RDA 9), have power and telecommunications lines running down the middle of the properties, dividing them and preventing any redevelopment potential. In contrast, the power/telecom lines on State Street are at the frontage, and while they are unsightly, they are not an impediment to redevelopment. On 700 South, the existence of the utility lines dividing each of the properties has been prohibitive to every redevelopment inquiry. Staff recommends budgeting to pay for the cost of undergrounding to unlock the potential of these properties. Our rough cost estimate is $250k for Rocky Mountain Power and $100k for Zayo Fiber.

It may also be worthwhile to discuss other potential uses of CDRA funding downtown. For example, how aggressively do we want to pursue streetscape improvements? Should we use some CDRA funding for downtown messaging efforts (e.g. plane statues, banners, buy more planes, etc.)? Or should we reserve funds to help pay for structured parking and/or pedestrian bridges downtown? Staff will be preparing an application for a Safe Streets for All (SS4A) grant for more funding for pedestrian bridges, but CDRA funds could be a perfect local match (the grant requires 20% local match). Some direction from the Board on this topic would be helpful.

**CORRESPONDING POLICY PRIORITIES**

- Improving Clearfield's Image, Livability, and Economy

The CDRA Board's commitment to utilizing the RDA tools provided by the state help us ***Improve Clearfield's Image, Livability and Economy*** by promoting ***high quality economic development*** throughout the city. Moreover, the efforts of the CDRA go a long way in helping to ***create a place where people want to be***.

**FISCAL IMPACT**

Total CDRA revenues are estimated to be $2,956,841 with expenditures (including the housing set-aside) at $2,120,992 resulting in a net contribution to the CDRA's fund balance of $835,849.

## ALTERNATIVES

The CDRA budget is fairly straight-forward. Operations are handled in the General Fund, and covered by the "CDRA Administration" transfer from the CDRA to the General Fund. Incentive payments are obligations governed by agreements that are in place. There are some funds available for discretionary use, but they should be used in their respective project areas and in ways that are consistent with the purposes of the CDRA and the project area plans.

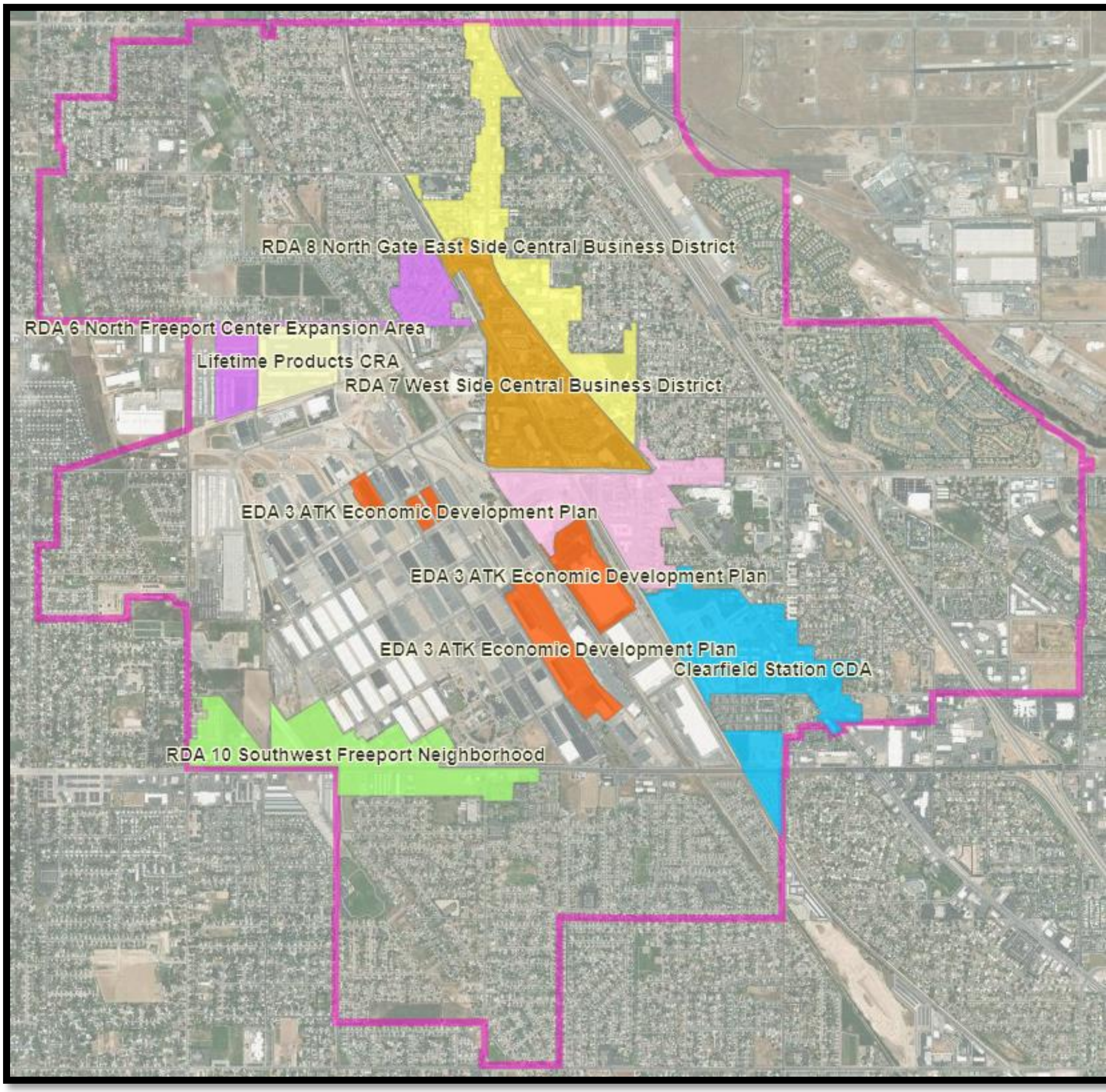
## SCHEDULE / TIME CONSTRAINTS

Additional budget work sessions are scheduled for May 7 and May 14. Adoption of the tentative budget is required by State law at the first regular meeting in May (the 14th).

## LIST OF ATTACHMENTS

- Map of CDRA project areas
- Summary chart of FY25 CDRA draft budget
- History of tax increment revenue by project area (graph)

**MAP OF CDRA PROJECT AREAS**



## Summary chart of FY25 CDRA draft budget

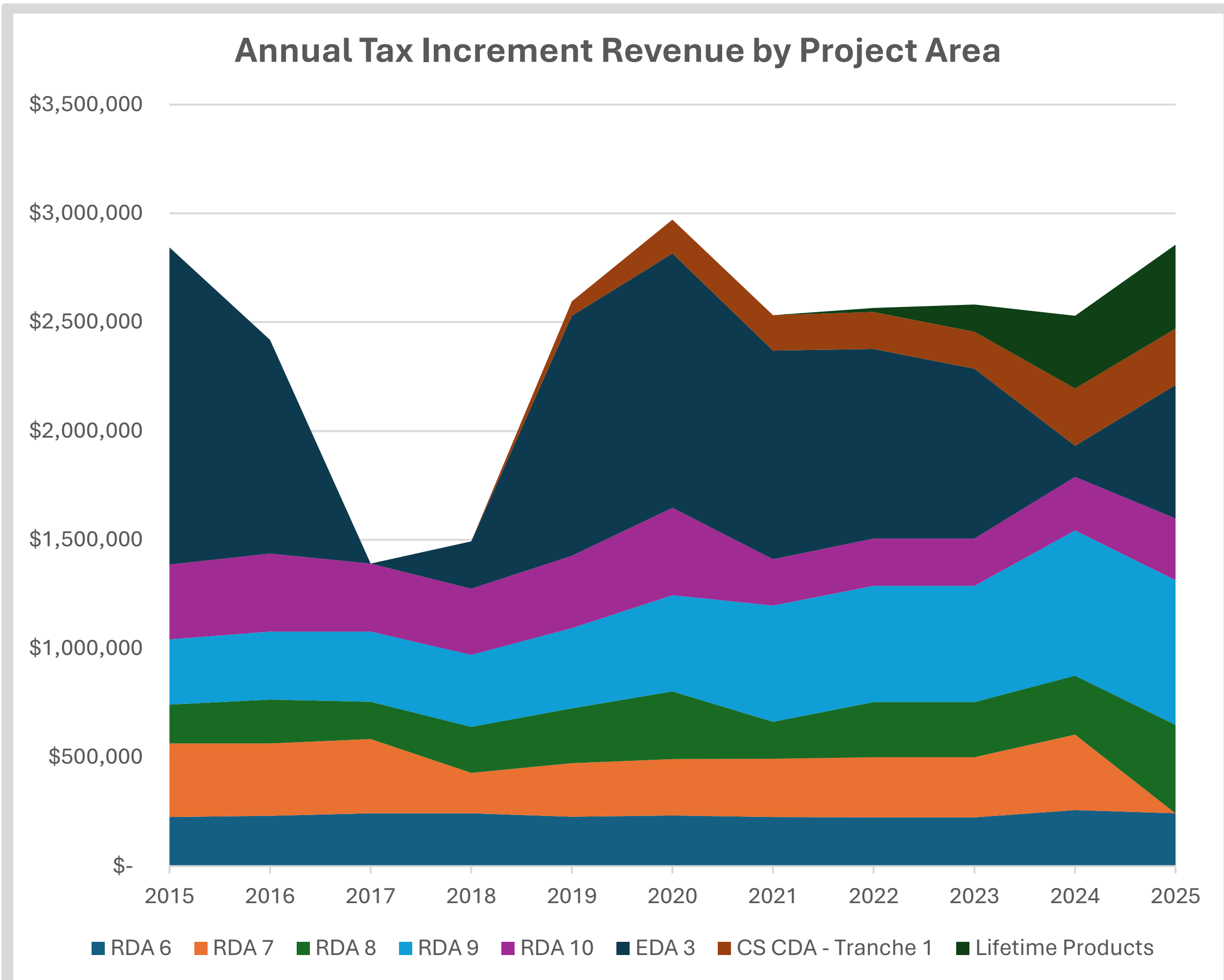
| FY25 CDRA Draft Budget | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | RDA 6 | RDA 7 | RDA 8 | RDA 9 | RDA 10 | EDA 3 (ATK) | Clfd Stn CDA (1) | Lifetime Products CRA | General CDRA | Fund 20 Total |
| **Revenue** | | | | | | | | | | |
| Tax Increment Revenue | $ 242,859 | $ - | $ 406,359 | $ 665,629 | $ 283,541 | $ 613,520 | $ 258,087 | $ 386,846 | | $2,856,841 |
| Interest Earnings | | | | | | | | | $100,000 | $100,000 |
| Total: | $242,859 | $0 | $406,359 | $665,629 | $283,541 | $613,520 | $258,087 | $386,846 | $100,000 | $2,956,841 |
| | | | | | | | | | | |
| **Transfers and Expenditures** | | | | | | | | | | |
| TRNF to GF: CAFC Sales Tax Bond Payment | $272,978 | $0 | $85,000 | $233,800 | $180,000 | | | | | $771,778 |
| TRNF to GF: CS Sales Tax Bond Payment | | | | | | | $199,406 | | | |
| TRNF to GF: CDRA Administration | $2,000 | $20,000 | $35,000 | $30,000 | $15,000 | $30,676 | $12,904 | $19,342 | | $164,922 |
| Incentive Payments* | | $0 | | | | $503,086 | | $328,819 | | $831,905 |
| Housing Set-Aside | | | | | | | | $38,685 | | |
| Other Projects | | Downtown? | | $350,000 | | | | | | $350,000 |
| Total: | $274,978 | $20,000 | $120,000 | $613,800 | $195,000 | $533,762 | $212,310 | $386,846 | $0 | $2,118,605 |
| | | | | | | | | | | |
| Contribution to/(use of) Fund Balance:** | -$32,119 | -$20,000 | $286,359 | $51,829 | $88,541 | $79,758 | $45,777 | $0 | $100,000 | $838,236 |
| | | | | | | | | | | |
| Expiration Year (fiscal): | 2031 | 2024 | 2026 | 2027 | 2027 | 2032 | 2040 | 2037 | | |

*Incentive payments in FY25 will be made for Northrop Grumman (EDA 3), and Lifetime Products (CRA).

**Fund balance from RDA project areas will accumulate over the next several years in order store up sufficient funds to service the sales tax bond in the future.

Pending matters: powerline undergrounding; streetscape; banners; downtown messaging; pedestrian bridges; structured parking

## HISTORY OF TAX INCREMENT REVENUE BY PROJECT AREA




| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| RDA 6 | $ 226,028 | $ 231,611 | $ 243,741 | $ 243,238 | $ 227,326 | $ 232,970 | $ 225,084 | $ 224,391 | $ 224,391 | $ 257,965 | $ 242,859 |
| RDA 7 | $ 338,716 | $ 332,904 | $ 340,680 | $ 184,839 | $ 245,755 | $ 258,755 | $ 267,783 | $ 276,716 | $ 276,716 | $ 346,397 | $ - |
| RDA 8 | $ 177,867 | $ 200,653 | $ 171,052 | $ 211,716 | $ 251,991 | $ 311,024 | $ 169,994 | $ 252,817 | $ 252,817 | $ 271,100 | $ 406,359 |
| RDA 9 | $ 299,028 | $ 312,489 | $ 322,439 | $ 331,267 | $ 368,477 | $ 442,415 | $ 535,458 | $ 534,668 | $ 534,668 | $ 667,938 | $ 665,629 |
| RDA 10 | $ 345,169 | $ 359,348 | $ 313,107 | $ 304,154 | $ 333,417 | $ 401,550 | $ 212,319 | $ 216,707 | $ 216,707 | $ 246,020 | $ 283,541 |
| EDA 3 | $ 1,456,826 | $ 981,334 | $ - | $ 217,335 | $ 1,101,843 | $ 1,169,758 | $ 958,364 | $ 870,851 | $ 780,663 | $ 141,906 | $ 613,520 |
| CS CDA - Tranche 1 | | | | | $ 66,239 | $ 154,859 | $ 163,273 | $ 170,163 | $ 170,163 | $ 264,215 | $ 258,087 |
| Lifetime Products | | | | | | | | $ 19,412 | $ 125,140 | $ 333,133 | $ 386,846 |
| TOTAL TAX INCREMENT | $ 2,843,633 | $ 2,418,339 | $ 1,391,019 | $ 1,492,549 | $ 2,595,047 | $ 2,971,331 | $ 2,475,085 | $ 2,546,311 | $ 2,581,263 | $2,528,674.00 | $2,856,841.00 |