Tremonton City

DRAFT - Tremont Center Community Development Project Area Budget Overview

ZIONS BANK® ZBPF PUBLIC FINANCE

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Overview of Project Area Budget

The purpose of this document, "Overview of Project Area Budget," is to provide background and explanation for the Project Area Budget. While the Utah Code does not require a written explanation of the Budget, this document is designed to aid the general public and taxing entities in better understanding the Budget.

Development Assumptions

Tremonton City Redevelopment Agency (the "Agency") has identified that the primary increase of taxable value attributed to the proposed Tremont Center Site (see Appendix A) which is a new development located at the intersection of 400 West and Main Street. The proposed Tremont Center development is proposed to consist of a mixed-use development with retail, office, grocery, residential apartments, and open space. The proposed Tremont Center development is planned to include the following amenities, features, and improvements at a total incremental value of $59,453,314:

TABLE 1: PROJECTED DEVELOPMENT ASSUMPTIONS – REAL PROPERTY

Amenity	Amount	Square Feet
Green Open Space		264,112
Canal		38,139
Commercial Buildings		345,200
Garages/Sheds		9,600
Apartments – 10 24-Unit buildings	240 Total Units	293,060
Parking	1,591 Total Stalls	

The total Project Area is 73.7 acres and is shown in Appendix A.

Funds will be used to address major infrastructure improvements along Main Street, including covering the canal on the Tremont Center site which serves as a barrier to development along Main Street and funds will be used to address urban decay issues along Main Street through improvements and infrastructure such as façade improvements, street lighting, etc.

There will also be personal property values associated with the new development. Personal property values vary depending on the type of development taking place. While this analysis assumes some personal property value for commercial development, it could vary depending on the type of development that takes place. Generally, personal property values are low for retail development and therefore will not have a significant impact on the total incremental value projected for this study.

Taxing Entities

The entire Project Area is in Box Elder County's Tax District 130. The taxing entities, along with their current tax rates are as follows:

TABLE 2: TAX RATES FOR TAX DISTRICT 130

Taxing Entities	Tax Rate
Box Elder County	0.002521
Box Elder School District	0.008386
Tremonton City	0.003087
Box Elder Mosquito Abatement District	0.000207

Taxing Entities	Tax Rate
Bear River Water Conservancy District	0.000198
Total	0.014399

Base Year Taxable Value

The base year taxable value will be calculated from the 2014 taxable value for the Project Area. There are 109 parcels in the Project Area, with a total 2014 taxable value of $9,696,089 for real property, plus $615,924 for personal property, for a total base year value of $10,312,013. This generates *annual* revenues of $148,483 for the taxing entities. If a project area is formed, the entities will continue to receive current property tax revenues generated from the base taxable value of the area.

TABLE 3: ANNUAL AND 15-YEAR BASE YEAR PROPERTY TAX REVENUES IN PROJECT AREA

Taxing Entities	Current Revenues	Total Base Revenues Years 1-15
Box Elder County	$25,996.58	$389,948.77
Box Elder School District	$86,476.54	$1,297,148.12
Tremonton City	$31,833.18	$477,497.76
Box Elder Mosquito Abatement District	$2,134.59	$32,018.80
Bear River Water Conservancy District	$2,041.78	$30,626.68
Total	$148,483	$2,227,240.13

Budget Year Trigger

The Budget will have a 15-year duration from the date of the first tax increment receipt which is anticipated to be 2016 increment that is receive by the Agency in the spring of 2017. There will be a maximum increment collected to the Agency of $4.3 million. If this increment to the Agency is reached prior to 15 years, the Project area will be dissolved.

Projected Tax Increment Revenues

The taxing entities will contribute to the Agency 75 percent of incremental property tax revenues (including real and personal property) from the parcels for a period of 15 years, with total increment to the Agency not to exceed $4.3 million. This means that the taxing entities will receive 25 percent of the incremental tax revenues generated over the 15 years. All assumptions below assume a construction cost inflator of two percent.

TABLE 4: TOTAL INCREMENTAL PROPERTY TAX REVENUES IN PROJECT AREA TO TAXING ENTITIES, YEARS 1-15

	NPV Years 1-15	Total Years 1-15
Box Elder County	$260,822	$379,001
Box Elder School District	$867,613	$1,260,730
Tremonton City	$319,380	$464,092
Box Elder Mosquito Abatement District	$21,416	$31,120
Bear River Water Conservancy District	$20,485	$29,767
Total	$1,489,715	$2,164,710

The taxing entities will receive an estimated $2,164,710 over the 15-year period that is over and above the base year revenues they are already receiving. This is based on the taxing entities receiving 25 percent of the incremental tax revenues generated for a 15-year period.

The Agency will receive 75 percent of the incremental tax revenues from all taxing entities generated over the 15 years. The total incremental property tax revenues to the Agency could

reach $6,494,130 million over the 15-year period if the projected absorption timeframes and values are adhered to; however, the Agency will receive a maximum of $4.3 million and will dissolve the Project Area once it receives $4.3 million or after taking 15 years of tax increment, whichever occurs first.

TABLE 5: INCREMENTAL PROPERTY TAX REVENUES IN PROJECT AREA TO AGENCY, YEARS 1-15

Incremental Taxes to Agency	Percent to Agency	Tax Rate	NPV Years 1-15	Total Years 1-15
Box Elder County	75%	0.002521	$782,465	$1,137,003
Box Elder School District	75%	0.008386	$2,602,838	$3,782,191
Tremonton City	75%	0.003087	$958,140	$1,392,276
Box Elder Mosquito Abatement District	75%	0.000207	$64,248	$93,360
Bear River Water Conservancy District	75%	0.000198	$61,455	$89,300
Total	**75%**	**0.014399**	**$4,469,146**	**$6,494,130**

Uses of Tax Increment

Increment is needed in order to pay for the following infrastructure and improvements or like infrastructure and improvements to the Project Area as determined by the Agency. While flexibility is granted to the Agency in determining like expense in the Project Area, the maximum Tax Increment requested by the Agency is $4.3 million and if that Tax Increment is reached prior to 15 years, the Agency will cease taking Tax Increment at that point in time.

CDA Expenses	Amount
Bury Central Canal	$1,000,000
Bridges and ROW improvements	$300,000
Landscaping over the buried canal and pedestrian amenities	$208,000
Bury overhead power	$50,000
Water line installation	$50,000
Bore water line under canal	$20,000
Acquire ROW for road extension (480 West)	$60,000
Building of road extension (480 West)	$40,000
Demolition of homes	$350,000
Façade improvements	$640,000
Replacement of streetlights	$695,553
New streetlights	$207,186
Public realm improvements	$100,000
Main Street trees	$283,000
Street trees for public road	$84,000
Public plaza	$150,000
Total	**$4,237,739**

Total costs are estimated at approximately $4.2 million.

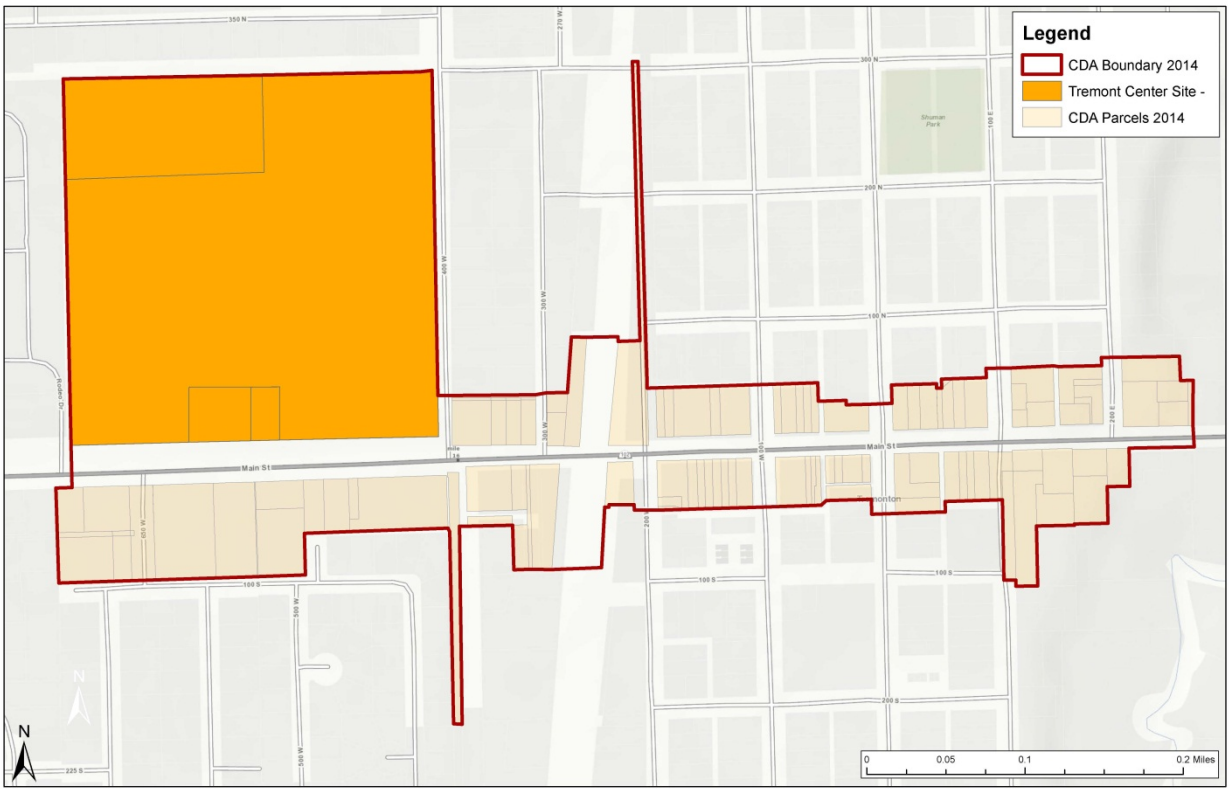
In addition, the Agency proposes an administrative fee of three percent per year to administer the Project Area, amounting to a total of $194,824 over the 15-year period of the Project Area.

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

At the conclusion of the Project Area, it is anticipated that the taxing entities will receive over $856,000 more annually in property tax than they are currently receiving.

TABLE 6: TOTAL INCREMENTAL PROPERTY TAX REVENUES IN PROJECT AREA TO TAXING ENTITIES

Summary of Incremental Taxes to Taxing Entities	Total Incremental During Project Life (15 Years at 25% of tax increment)	Annual Incremental Revenues After Project Concludes
Box Elder County	$379,001	$149,882
Box Elder School District	$1,260,730	$498,575
Tremonton City	$464,092	$183,532
Box Elder Mosquito Abatement District	$31,120	$12,307
Bear River Water Conservancy District	$29,767	$11,772
TOTAL	$2,164,710	$856,068

Appendix A: Project Area Map

The parcels included in the Project Area are shaded in beige in the map below, with the Tremont Center Site shaded in orange.