RDA Board Meeting of August 24, 2016

Agenda Item No. 2.C .

REQUEST FOR AGENCY ACTION

SUBJECT: Approval of the Project Area Budget for Economic Development Area #5 – Pioneer Technology District.

SUMMARY: In order to finalize the project area budget, the Agency must adopt and consent to the budget approved by the Taxing Entity Committee.

FISCAL IMPACT: Due to the level of involvement of consultants with regard to the establishment of EDA # 5, the estimated expenditures for the preparation of plans and documents related to EDA #5 have been revised, and are expected to be between $20,000 to $30,000, which will be paid from Redevelopment Agency funds.

RECOMMENDED MOTION:

"I move to approve resolution # 187 approving and adopting the project area budget for Economic Development Area #5 – Pioneer Technology Park, as consented to by the taxing entity committee for the Redevelopment Agency of West Jordan as the official project area budget for the project area."

Roll Call Vote Required

Prepared by:

Jeremy Olsen
Economic and Development Assistance Supervisor

Reviewed by:

Paul Coates
Economic Development Manager

Approved by:

David Oka
Development Director

Authorized by:

Mark Palesh
City Manager

BACKGROUND DISCUSSION:

The process for adopting an Economic Development Project Area Budget is established in the Limited Purpose Local Government Entities – Community Reinvestment Agency Act of the Utah State Code.

The procedure described by state law requires the Agency to prepare an economic development project area budget, which is to be made available to the public for review and comment (see 17C-3-201(2)). To satisfy the purposes of this requirement, the Agency provided notice at its August 10th, 2016 meeting that the public notice and comment period had commenced.

Following the public comment period, the Agency may hold a public hearing to adopt a budget which has obtained the approval of the taxing entity committee to approve, modify, or reject the proposed budget.

As of this writing, the Taxing Entity Committee meeting has not met to render a decision regarding the proposed project area budget. The budget which they are anticipated to consider at their August 22nd, 2016 meeting provides a post-performance property and municipal energy tax rebate to the company in the amount of 75% of tax increment financing (TIF) revenue in phase 1 of the project, 85% of TIF funds in phase 2, and 100% of TIF money in phase 3, with a proposed length of 20 years. All terms of the project area budget are included in appendix C of the project area plan.

The Project Area Plan for Economic Development Area #5 – Pioneer Technology Park includes a strategy to bring employment and private investment to West Jordan by utilizing tax increment financing to attract a variety of businesses, including office, industrial, and warehousing, to the southwestern area of the City, bounded generally by Old Bingham Highway to the South, New Bingham Highway to the North, State Route 111 to the West, and 6400 West to the East.

Agency staff have been in contact with a company interested in constructing a data center, and are negotiating terms to a development agreement for a large project, to be built in multiple phases. Once these terms have been finalized, the development agreement will be provided to the Agency Board for approval.

Resolution No. 187, adopting the project area budget for the Pioneer Technology District Economic Development Project Area as consented to by the Taxing Entity Committee for the Redevelopment Agency of West Jordan

The Resolution will be provided after the Taxing Entity Committee meeting on Monday August 22, 2016, 3:00 pm

APPENDIX C: PROJECT AREA BUDGET

Key elements of the draft Project Area Budget are described below. These details are subject to approval by the taxing entity committee and may change.

Base Taxable Value

The base taxable value is the year 2015 value of $12,220.

Projected Amount of Tax Increment to be Generated Within the Project Area

Property Tax Increment. Incremental property taxes will be distributed to the Agency over a period of 20 years. The total amount of property tax increment projected to be generated within the Project Area over 20 years is $217.7 million. A portion of this amount is intended to be distributed to the Agency over a 20-year period.

TABLE 5: INCREMENTAL PROPERTY TAX REVENUES FOR 20 YEARS

Incremental Tax Revenues - 100%	20 Years Total	NPV*
Salt Lake County	$45,639,610	$28,422,617
Jordan School District	$111,257,680	$69,287,060
West Jordan City	$36,443,690	$22,695,747
South Salt Lake Mosquito Abatement	$307,610	$191,568
Jordan Valley Water Conservancy	$6,476,000	$4,033,007
Central Utah Water Conservancy	$6,556,950	$4,083,420
Salt Lake County Library	$11,057,770	$6,886,359
TOTAL	**$217,739,310**	**$135,599,778**

*Net present value uses a discount rate of four percent.

Project Area Funds Collection Period

The collection period is 20 years.

Projected Amount of Tax Increment to be Paid to Other Taxing Entities

Over the 20-year period, the taxing entities will receive nearly $34 million more in property tax revenues than they are currently receiving from the base year taxable value revenues.

TABLE 6: INCREMENTAL PROPERTY TAX REVENUES FOR 20 YEARS TO TAXING ENTITIES

Taxing Entities	20 Years Total	NPV* Years 1-20
Salt Lake County	$7,095,599	$4,605,800
Jordan School District	$17,297,254	$11,227,761
West Jordan City	$5,665,908	$3,677,778
South Salt Lake Mosquito Abatement	$47,824	$31,043
Jordan Valley Water Conservancy	$1,006,825	$653,537
Central Utah Water Conservancy	$1,019,410	$661,706
Salt Lake County Library	$1,719,154	$1,115,914
TOTAL	**$33,851,974**	**$21,973,540**

*Net present value assumes a discount rate of four percent

In addition, West Jordan City and Salt Lake County will receive incremental sales tax revenues over the 20-year period and West Jordan City will receive incremental municipal energy tax revenues.

The Percentage of Tax Increment the Agency is Authorized to Receive

Property Tax Revenues. The Agency anticipates receiving a portion of the incremental property taxes for a period of 20 years. The Agency is authorized to receive 75 percent of the property tax increment for phases 1 and 2 of the project, which constitute an investment of $500 million. The Agency is authorized to receive 85 percent of the tax increment for phases 3 and 4 of the project, which constitute an additional investment of $500 million. The Agency is further authorized to receive 100 percent of the tax increment for phases 5 and 6 of the project, which constitute an additional investment of $500 million. The Project Area will expire 20 years after the trigger date for the first phase; therefore, later phases may not receive tax increment for the full 20 years.

TABLE 7: INCREMENTAL PROPERTY TAX REVENUES FOR 20 YEARS TO AGENCY

Incremental Tax Revenues to Agency	Total Years 1-20	NPV* Years 1-20
Salt Lake County	$38,544,011	$23,816,817
Jordan School District	$93,960,427	$58,059,299
West Jordan City	$30,777,782	$19,017,969
South Salt Lake Mosquito Abatement	$259,786	$160,525
Jordan Valley Water Conservancy	$5,469,175	$3,379,470
Central Utah Water Conservancy	$5,537,540	$3,421,714
Salt Lake County Library	$9,338,616	$5,770,445
TOTAL	**$183,887,336**	**$113,626,239**

*Net present value assumes a discount rate of four percent

Administration Costs

The Agency is requesting that approximately two percent of revenues received be set aside for administrative purposes. The Agency has set a fixed amount of $180,000 per year for administrative costs.