

AMERICAN FORK CITY COUNCIL
OCTOBER 29, 2019
*AMENDED - WORK SESSION AGENDA

Notice is hereby given that the American Fork City Council will meet in a Work Session on **Tuesday, October 29, 2019**, in the **American Fork City Administration Office Conference Room**, 51 East Main Street, commencing at **4:00 p.m.** The agenda shall be as follows:

WORK SESSION

The purpose of City Work Sessions is to prepare the City Council for upcoming agenda items on future City Council Meetings. The Work Session is not an action item meeting. No one attending the meeting should rely on any discussion or any perceived consensus as action or authorization. These come only from the City Council Meeting.

1. Discussion with UTA on current services, community engagements, and future service planning.
2. Discussion on the budget for the Patriot Station Community Reinvestment Area (CRA).
- 3.* Discussion with Jibe Media on the city's rebranding
4. Adjournment.

Dated this 28 day of October, 2019.



Terilyn Lurker
City Recorder

- In accordance with the Americans with Disabilities Act, American Fork City will make reasonable accommodations to participate in the meeting. Requests for assistance can be made by contacting the City Recorder at 801-763-3000 at least 48 hours in advance of the meeting.
- The order of agenda items may change to accommodate the needs of the City Council, the staff, and the public.

CITY COUNCIL STUDY ITEM

City of American Fork
COUNCIL WORK SESSION
OCTOBER 29, 2019

Department Recorder

Department Terilyn Lurker

STUDY ITEM Patriot Station Community Reinvestment Area budget

BACKGROUND

Representatives from Lewis Burningham & Young will be present for this discussion and will be available to answer any questions the council may have.

SUPPORTING DOCUMENTS

Patriot Station CRA Project Area Budget (10.18.2019) (PDF)

DRAFT PROJECT AREA BUDGET

PATRIOT STATION COMMUNITY REINVESTMENT AREA (CRA)

REDEVELOPMENT AGENCY OF
AMERICAN FORK CITY, UTAH



OCTOBER 2019


LEWIS YOUNG
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SECTION 1: INTRODUCTION

The Redevelopment Agency of American Fork City (the “Agency”), following thorough consideration of the needs and desires of the City of American Fork (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 Patriot Station Community Reinvestment Project Area (the “Project Area”, or “Patriot Station CRA”), dated and approved by the Agency on _____, 2019. 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 Project Area which lies within the vicinity of the American Fork Station.

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 Plan contemplates a transit-oriented development consisting of: commercial office, retail, and entertainment, multi-family residential and civic gathering places. The City has determined it is in the best interest of its residents 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 area (“CRA”) 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.

In addition to supporting transit-oriented development in the area surrounding the American Fork Station through this CRA, the City is also pursuing the development of a Transportation Reinvestment Zone (“TRZ”). The TRZ, pursuant to provisions outlined in Utah Code (11-13-227 Transportation reinvestment zones) has the ability to raise revenues through interlocal agreements from sales tax and/or property tax increment. The City intends to raise about \$78.75 million through a TRZ to support transportation related development projects in the CRA’s proposed boundaries and in other areas of the City.

SECTION 2: DESCRIPTION OF COMMUNITY REINVESTMENT PROJECT AREA

The Project Area will be created by the Agency and known as the Patriot Station Community Reinvestment Area (“Patriot Station CRA”) located in the vicinity of the American Fork Station (a designated UTA station) generally to east of 7400 West/900 East, to the west of 570 West, and to the north and south of 200 South/ 7750 North. The southernmost portion of the Project Area extends roughly 0.6 miles south of 200 South/ 7750 North. The majority of land use in the Project Area is currently agricultural but is in close proximity to utilities, transportation and population areas. The Project Area is comprised of approximately **246 parcels**, equaling approximately **509 acres** of property.

A map of the Project Area is attached hereto in **EXHIBIT A**. For purposes of the Plan and this Project Area Budget, all properties identified in **EXHIBIT A** will be part and parcel to the plan of finance, which is discussed in greater detail herein. Below is how the area surrounding the American Fork FrontRunner Station currently looks.



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's vision and objectives. This plan of finance is an effort to outline the various construction costs related to private investment and public infrastructure needs that will facilitate the development of the Project Area. Through the investigation and survey process of the Project Area Plan, the Agency determined that tax increment financing is essential in order to meet the objectives of the Patriot Station CRA. With the assistance of tax increment, the Agency will be able to guide the development of the Project Area surrounding the FrontRunner station to be its highest and best use. A major developer of land in the Project Area, AF Utah, LLC. provided the following conceptual designs for their developments within the Project Area.



LOOKING NORTH TOWARD THE STATION

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 2019 tax year which is estimated to be \$25,682,455. Using the tax rates established within the Project Area the property taxes levied equate to \$246,346 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 Project Area Budget will have a twenty-year (20) duration from the date of the first tax increment received by the Agency or, will conclude once a revenue cap of \$38,000,000 is reached, whichever comes first. 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 tax increment. The following year in which this tax increment will be remitted to the Agency will be Year 1, e.g., if requested prior to March 1, 2020, Year 1 of increment will be 2021. 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, all of which will be further detailed and agreed upon by the various taxing entities through the Interlocal Agreement process.

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 2020 or 2021, initially beginning with Phase I of the Transit Core, as depicted in **EXHIBIT B**. The contemplated development, which includes all phases within the Project Area will generate significant additional property tax revenue, sales taxes, franchise taxes as well as incremental benefit in the creation of employment centers and civic gathering spaces. Below is a concept design from AF Utah, LLC. of their planned development.



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 2020 or as late as 2023. 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 \$68.2 million. This Project Area Budget and the Project Area Plan envision that 55-percent of these dollars will be necessary to fund infrastructure that will support the density and uses contemplated herein. A table illustrating how much incremental property tax revenue is contributed by each taxing entity can be found below (**Table 4.2**). This amount is over and above the \$4.9 million of base taxes that the property would generate over 20 years plus the estimated increase without a CRA of \$30.7 million.

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 taxable value is estimated to be \$25,682,455, while the market value is about \$82,084,335. Based upon the tax rates in the area, the collective taxing entities are receiving \$246,346 in property tax annually from this Project Area. This equates to approximately \$4,926,922 over the twenty-year life of the Project Area.

There is limited need to demolish buildings, and only a very few site and building demolitions will need to occur in order to facilitate the envisioned development as outlined in the Plan, however, the lack of adequate public infrastructure makes the development of the Project Area extremely difficult. The reduction will be greatly offset by the increase in value from infrastructure and development of the land.

The Plan anticipates that some properties will be developed privately and then transferred to a tax-exempt organization to promote its tax-exempt purposes. This approach has been contemplated in order to develop adequate civic gathering places for residents and patrons to enjoy a live, work and play environment. Examples where development and transfers could occur are the train station, the public square, education campus, and cultural arts and recreation facilities. In the event that property comes under the ownership of a tax-exempt organization and is no longer subject to property taxes, the property will be removed from the Project Area and its contribution to the base year value.

TABLE 4.1: TOTAL BASE YEAR TO TAXING ENTITIES (OVER 20 YEARS)

Entity	Total	NPV at 4%
Utah County	\$345,172	\$234,550
Alpine School District (Local & School Levy)	3,337,692	2,268,016
American Fork City	1,041,167	707,490
North Utah County Water Conservancy District	8,732	5,934
Central Utah Water Conservancy District	194,159	131,934
Total Revenue	\$4,926,922	\$3,347,924

Property Tax Increment Shared with RDA (55% Participation Rate for 20 Years or \$38,000,000 Cap)

All taxing entities that receive property tax generated within the Project Area, as detailed above, are estimated to share at least a portion of that increment generation with the Agency. All taxing entities are estimated to contribute 55% of their respective tax increment for 20 years, or until the Agency raises \$38 million in tax increment revenue, whichever comes first. **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	55%	20 Years	\$2,630,341	\$1,774,828
Alpine School District (Local & School Levy)	55%	20 Years	25,434,455	17,161,951
American Fork City	55%	20 Years	7,934,078	5,353,536
North Utah County Water Conservancy District	55%	20 Years	66,541	44,899
Central Utah Water Conservancy District	55%	20 Years	1,479,567	998,341
Total Sources of Tax Increment Funds			\$37,544,982	\$25,333,554

* 20 Years in length or until the Agency has raised \$38,000,000 in tax increment revenues, whichever comes first.

Uses of Tax Increment

The establishment of the FrontRunner train station in American Fork City creates the inevitability for growth and development in the area surrounding the station, whose current primary use is agricultural. As observed throughout Utah and Salt Lake Counties, organic growth and development on undeveloped land is typically low density, requiring considerable horizontal space for parking. Within American Fork City some development has hindered efficient tax base expansion and sustainability by vast expanses of parking lots in the commercial center around the I-15 Freeway and Main Street. If the area surrounding the FrontRunner Station were to be guided with careful planning from the City and Agency, the land would develop more quickly, with higher density, and reach its potential as true transit-oriented development ("TOD"). "But-for" the creation of the Patriot Station CRA, and the use of public funds, the undeveloped area surrounding the American Fork train station will not organically develop into a TOD, but will develop slowly and produce a fraction of the tax revenues that a TOD would produce.

The majority of the tax increment (85%) will be used to facilitate the creation of a true TOD, meaning higher density and a "live, work, and play" environment for residents, employees and patrons. The following table illustrates the uses for tax increment that will facilitate the creation of a TOD, how residents will benefit, and details related to the costs of infrastructure and other amenities.

TABLE 4.3: DETAILED USES FOR TAX INCREMENT

Project	200 South Improvements	Total Costs	% from CRA	CRA Costs
Utilities	The plan is for utility infrastructure to be up-sized to accommodate buildout. This will enable the unhindered development of the project area. It is also more cost effective to build infrastructure to accommodate buildout conditions.	\$6,350,000	80%	\$5,080,000
Right of Way	The acquisition of land for the necessary right of way will be critical to the success of the TOD.	1,200,000	80%	960,000
200 South Road	Four lanes of travel with strategic, on-street parking with a center bike / pedestrian trail (trail to be paid for by MAG funds).	7,000,000	80%	5,600,000
Landscaping	Streets and boulevard will be landscaped and create a high-quality environment and flexibility for either residential, or commercial development.	3,050,000	50%	1,525,000
Fiber Optic	Provides conduit and fiber to provide connectivity to office space and residential components.	450,000	100%	450,000
Lighting	High quality lighting will improve the aesthetics of the area as well as the public safety.	2,150,000	80%	1,720,000
Signalization	Will include 5 key intersections to be controlled via signal	1,150,000	80%	920,000
Plan and Design	Design, construction management, and inspection services	1,080,000	50%	540,000
200 South Improvements Total		\$22,430,000		\$16,795,000
Project	Uses (Community Gathering/Civic Space)			
Train Station	The project area is built around the American Fork Front Runner Station. An actual brick and mortar train station with other amenities would contribute to the aesthetics of the project area and City.	\$10,000,000	100%	\$10,000,000
Public Town Square	The town square common space will be adjacent to retailers, offering an inviting atmosphere and supporting growth and economic activity in the area.	\$2,500,000	50%	\$1,250,000
Theatre	The City and Developer agree that the project area would greatly benefit from an anchor that would attract people to the area. Theatergoers will stimulate the local economy and increase the fiscal impact of the CRA.	\$2,500,000	50%	\$1,250,000
Plan & Design	Mixed use design via the TOD code shall be attained through careful and detailed planning, including plans from Perkins and Eastman.	\$200,000	50%	\$100,000
Education Campus	Dedicated monies to purchase land for the future site of a school	\$2,000,000	100%	\$2,000,000
Community Gathering/Civic Space Total		\$17,200,000		\$14,600,000
GRAND TOTAL		\$39,630,000		\$31,395,000

10% of the Project Area's tax increment will go towards affordable housing, as outlined the Act. The remaining 5% will be used to offset the administration costs of the Agency.

TABLE 4.4: USES OF TAX INCREMENT

Uses	Total	NPV at 4%
Redevelopment Activities @ 85%	\$31,913,234	\$21,533,521
CRA Housing Requirement @ 10%	3,754,498	2,533,355
Project Area Administration @ 5%	1,877,249	1,266,678
Total Uses of Tax Increment Funds	\$37,544,982	\$25,333,554

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 \$246,346 in property taxes annually from this Project Area. With the creation of the American Fork FrontRunner Station, development and growth in the area is inevitable. The budgeting model assumes that without direction and support from the Agency, the developments' density is decreased by 25-percent and the absorption schedule is twice as drawn-out.

Under the conditions of unsupported development, the budgeting model concludes that the area surrounding the train station will produce a total of \$30,702,687 in tax increment with a net present value of \$20,150,809. Under the conditions of a CRA, the model concludes that the area will produce a total of \$68,263,603 in property tax revenues with a net present value of \$46,061,008. At a participate rate of 55-percent, the taxing entities will receive \$15,935 more in property tax revenues over 20 years than property taxes generated through development without a CRA.

The benefit of supporting development will be enhanced if the Project Area reaches its \$38 million revenue cap before the 20-year expiration date and the Project Area is able to sunset sooner. If that happens, the taxing entities will realize the full benefits of participation sooner. At the end of the life of the project area, the taxing entities will receive 100-percent of their respective tax increment. **Table 4.5** illustrates the property taxes that will be paid at the conclusion of the project area.

TABLE 4.5: 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	\$17,259	\$243,377	\$260,636
Alpine School District (Local & School Levy)	166,885	2,353,369	2,520,253
American Fork City	52,058	734,115	786,173
North Utah County Water Conservancy District	437	6,157	6,593
Central Utah Water Conservancy District	9,708	136,900	146,608
Total Revenue	\$246,346	\$3,473,917	\$3,720,263

The Project Area contains a considerable amount of value in the land that is currently classified as greenbelt and used for agricultural purposes. For example, AF Utah, LLC. owns 18.87 acres of land with a current market value of \$2.7 million and a taxable value of \$441,993. Once the greenbelt status is removed from the parcels, their taxable value will more closely reflect their market value, creating about \$2.3 million in incremental value.

The current market value of the Project Area is \$82 million, while the taxable value is \$25.68 million. As more properties develop and lose their greenbelt status, the land's taxable value will reflect its market value. This \$56 million difference between the market value and the taxable value will boost the Project Area's incremental value and will accelerate the sunset date by helping the Area reach its revenue cap sooner.

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 electric.

Table 5.1 shows the total revenues generated by the Project Area. This total includes the anticipated property tax increment, sales tax, and energy sales and use tax. The values represent the net present value over 20 years with a 4 percent discount rate.

TABLE 5.1: TOTAL REVENUES

Entity	Property Tax	Sales Tax	Franchise Tax	Total Incremental Revenues
Utah County	\$4,782,438	\$4,464,219	-	\$9,246,657
Alpine School District (Local & School Levy)	46,244,463	-	-	46,244,463
American Fork City	14,425,597	7,404,071	7,734,733	29,564,401
North Utah County Water Conservancy District	120,984			120,984
Central Utah Water Conservancy District	2,690,121	-	-	2,690,121
Total Revenue	\$68,263,603	\$11,868,290	\$7,734,733	\$87,866,626

Additional Costs

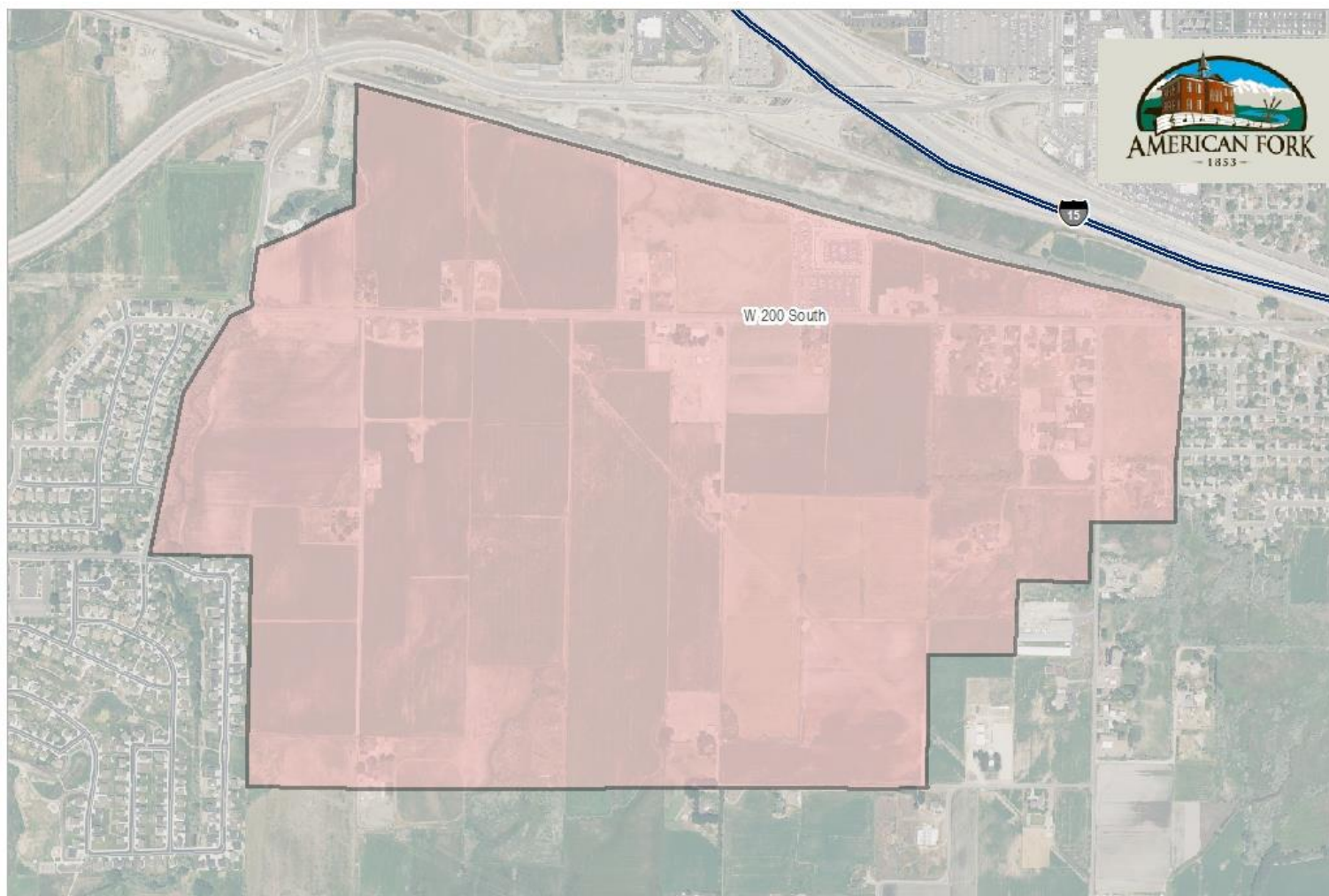
The development anticipated within the Project Area will also likely result in additional general government, public works, and public safety costs. These costs, along with the estimated budget to implement the Project Area Plan, are identified below.

TABLE 5.2: TOTAL CITY EXPENDITURES

Other City Expenditures	CDA Budget	General Government	Public Works	Public Safety	Parks & Recreation	Total Incremental Expenditures
Utah County	\$2,630,341					\$2,630,341
Alpine School District (Local & School Levy)	25,434,455					25,434,455
American Fork City	7,934,078	613,433	3,650,996	5,323,055	2,165,835	19,687,397
North Utah County Water Conservancy District	66,541					66,541
Central Utah Water Conservancy District	1,479,567					1,479,567
Total Expenditures	\$37,544,982	\$613,433	\$3,650,996	\$5,323,055	\$2,165,835	\$49,298,301

The total net benefit to the taxing entities of participating in the Project Area is \$38,568,326, with the City's net benefit being \$9,877,004.

EXHIBIT A: PROJECT AREA MAP



PATRIOT STATION PROJECT AREA

 Patriot Station CRA

LEWIS & CLARK
YOUNG
ROBERTSON & BURNINGHAM, PLLC

0 0.1 0.2 Miles




CITY COUNCIL STUDY ITEM

**City of American Fork
COUNCIL WORK SESSION
OCTOBER 29, 2019**

Department Recorder

Department Terilyn Lurker

STUDY ITEM Discussion with Jibe Media on the city's rebranding.

BACKGROUND

Jibe Media has provided more options for the city rebranding. The council will be reviewing the proposals and providing feedback.

SUPPORTING DOCUMENTS

Email From Jibe Regarding Latest Versions (DOCX)

AFC19-0002_Rebrand_Logo-Revisions_Presentation_x (PDF)

I have attached a PDF for your review showing another round of logos, based on the feedback that you provided. A few specific things to note:

- All logos are shown in color—please note that these don’t need to be the final color palettes, but for the sake of giving the full artistic effect and potential, we wanted to show color.
- You’ll see a lot of iteration on Option 3 from the previous round as that seemed to be the favorite. A number of options show things specifically suggested by the Council:
 - #3 mark paired with #15 typography.
 - # 3 mark paired with #4 typography.
 - Visual clarifications to ensure that the circle reads as a wagon wheel, including instances of a thicker outer wheel.
 - More weight generally on the type.
- All concepts have a mark—no more instances of monograms.
- There are a couple of brand new things here:
 - A few options using the old city hall as that had come up in the feedback.
 - A couple of eagle options that we just felt were very unique and very cool, but also symbolic of the patriotism of the city.
- We kept the previous Option 1 because we felt like color improved it significantly.
- Concept 15 from the previous round appears in many forms as it seems like it was a favorite.
- We know there was some preference for geometric shapes, so we’ve tried to make those a part of most options.
- We added a few options with different scenes, as we know that scenes were popular, and tried to make them feel true to American Fork.

I’d be happy to talk through these if you have any questions or need more info on any of these. Thanks again for your patience on the delay getting this second round over. Looking forward to keeping this on track and getting it to the finish line.

Thanks!

GREG LOWE / PARTNER / JIBE

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American Fork

Logo Revisions (Color)

October 21, 2019

















American Fork



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Thank You