

## RDA BUDGET NARRATIVE

### REVENUE

#### **71-3111-000 Property tax increment**

The budget includes an increase in the property tax increment the Agency is entitled to collect from our project areas. Staff recommends we trigger and collect the tax increment available to us from the Market station project area ( WinCo), which is estimated to be \$176,000 and the Zellerbach development (\$68,000). In addition, we estimate the tax increment collected from the West Tech project area will be \$150,000. This totals the \$ 394,000

#### **71-3651-000 Miscellaneous**

The proceeds from the sale of the Bello Terra property has been carried into the FY 21 budget year. This is because we needed to extend the closing date to October, due to the delay in starting the environmental cleanup on the property. The sale of the property was based on the appraisal value. The funds have been escrowed by Boyer, and closing will happen within 15 days after the agency receives the required No Further Action letter from the State indicated the environmental hazardous materials have been removed. The anticipated date for closing is October 2020.

#### **71-3771-000 Reimbursement- Soils Stabilize**

When the Agency sold the WinCo property to Boyer, we were required to escrow \$750,000 of the sale proceeds in order to protect WinCo from any unknown environmental hazardous, and soil stabilization. The Agency was required to spend \$93,000 of the escrow on additional soil stabilization costs, leaving a balance of \$657,000. In the FY 20 budget, the Board eliminated from the budget any general fund money for operations, requiring us to use a portion of these funds to cover the FY 20 operational budget. It is estimated that there will be \$125,000 available from this fund to carry forward in the FY 21 budget.

#### **73-3850-000 General fund Transfer**

The transfer from the general fund is to cover the annual bond payment for the bond issued to pay for the purchase of the property utilized for the WinCo development. No general fund money will be used to pay for operational cost. The annual payment will be \$ 1,291,000.

### OPERATING EXPENSES

#### **71-70-111-00 Administrative salaries**

The RDA is a separate Agency of the City and we utilize city staff to assist us in our operational and administrative functions. Therefore, the RDA is charged a percentage of the salaries of these staff members. This is a less expensive cost than hiring additional personal or contracting for these services. The cost for FY 21 is \$90,000

#### **71-70-116-00 Board member salaries**

No board member stipend has been budgeted for FY 21

#### **71-70-150 -00 Employee Benefits**

This is the cost for a percentage of the benefits that are associated with the salary compensation listed above

#### **71-70-210-00 Subscription/memberships:**

The amount requested for FY 2020 is \$2,000, which is a **reduction** of \$1,000 from the current FY 2020 amount. The reduction is due to the staff's recommendation to not renew ICSC and IEDC membership fees. The budgeted request will cover membership fees for the RDA Association (\$2,000).

#### **71-70-237-00 Conferences**

The amount request for FY 2020 is 0, which is a **reduction** of \$4,000 from the current FY 2020 budget. The staff has recommended that no conferences be attended in the FY 21 budget year, which follows the same recommendation outlined in the city budget.

#### **71-70-243-00 Office Expense**

The amount requested for FY 2020 is \$1,000 which is a **reduction** of \$1000 from the current FY 2020 budget. This funding covers office related expenses, include office supplies, copy expenses, mailings, newspaper notices, etc.

#### **71-70-310-01 Chamber Membership**

The amount requested for FY 2021 is \$5,000, which is **an increase** of \$5,000 from the current FY 2020. This is the annual membership fee for the South Salt Lake Chamber of Commerce.

#### **71-70-310-02 Legislative consulting Fee**

The amount requested for FY 2021 is \$45,000, which is **an increase of** \$5,000 from the FY 2020 budget. This funding covers the cost for the lobbying contract for the city and RDA.

#### **71-70-310-03 Economic Development Contract**

The amount requested for FY 2021 is \$145,000, which is **an increase** of \$25,000 from the FY 2020 budget. This finding covers the cost for contracted economic and redevelopment services for the city and RDA. Services include management of the RDA, business recruitment services, business retention and liaison services, and assisting the administration and legislative body in economic development related activities. The increase in cost is to cover additional hours for business relation and retention services.

#### **71-70-310-05 Professional / Technical services:**

The amount requested for FY 2021 is \$185,000 which is **an increase** of \$65,000 from the FY 2020. The requested increase is to cover the cost for economic development plans and studies that were

eliminated from the FY 2020 budget, due to the reduction of the general fund contribution. This fund also covers the cost of other economic development/RDA professional services required by the Agency, such as appraisal services, financial analysis, creation of new project areas. The major studies requested for FY 21 include \$54,000 for the 3300 South East neighborhood development plan, \$13,500 for a hotel feasibility study, \$45,000 for the general city master plan, \$12,500 for a retail leakage study, and \$12,500 for updating the economic strategic plan. These are the projects that were eliminated from the FY 20 budget.

#### **71-70-310-07 Miscellaneous**

The amount requested for FY 2020 is \$1,500 a **reduction** of \$1,500 from the FY 2020 budget. These funds are used to cover miscellaneous expense not budgeted in other line items.

#### **71-70-314-00 General Legal**

The RDA Statute requires that the legal costs be allocated in a separate line item. In past budgets they have been included in the professional services line item. General legal services are the costs associated with outside legal services necessary for the day to day operations of the RDA. The amount budgeted for these services is \$15,000 the **same** amount as the FY 2020.

#### **71-70-315-00 Environmental Legal**

These legal services are for any legal costs associated with the collection of our costs associated with the cleanup of the environmental issues on the WinCo development. The agreement with the law firm hired for these services require the agency to cover the first \$100,000 of the legal expense. This item may need to be increased during FY 21, based on the progress made on the collection. The budget amount is \$45,000. In prior budgets the cost of these services would have been included in the professional and technical line item but are now required to be a separate line item.

#### **71-70-800-00 Sundry Expense**

The amount requested is \$4,000, an **increase** of \$1,500 from the FY 2020 budget. This item covers rare and small expenses of the agency such as luncheons, small fees for applications or permits, and license fees.

#### **71-76-549-00 Closing costs**

This line items covers the estimated costs for closing on the purchase and sale of the Bello Terra property. They are being carried into the FY 21 budget, because the closing on this property is scheduled in October 2020. These costs are deducted from the sale proceed for the Bello Terra property.

#### **71-76-795-30 Increment Distribution to West Tech**

The amount is \$75,000, which is the estimated amount of Tax Increment the Agency would be required to disburse to West Tech, if they create the required high paying jobs required under their agreement with the Agency.

### **71-78-816-00 & 71-78-820-00 Interfund Loan**

This line item covers the payment to the City of the interfund loan and related interest made to the Agency for the purchase of the Bello Terra property. The source of repayment is from the sale proceeds of the Bello Terra property, and is being carried over to FY 21, due to the property new closing date of October 2020.

### **71-78-835-00 & 71-78-836-00 Bond payment**

These line items are the annual principal and interest for the bond issued to purchase the property where WinCo is located. As mentioned in the revenue section the FY 21 payment will be \$1,291,000

### **71-80-865-03 Property Management**

The amount requested is \$1000 which covers the cost to maintain and repair property owned by the RDA. This includes weed control, snow removal, fence repair, etc. This cost has been reduced in FY 21, due to the anticipation of selling the Bello Terra property in October.

### **71-80-868-02- Soils**

The amount of money budgeted in this line item, is to cover the costs associated with the cleanup of soil contamination, and underground storage tank removal on the Bella Terra property. This clean up started in late April and the \$350,000 budgeted is the estimated amount that would be billed in FY 21.

### **71-80-868-03-Professional**

The amount budgeted for this line item is to cover professional fees associated with the market station and S-line project areas. These fees have included geo-technical engineering, and survey/engineering costs.

### **71-80-868-06 Insurance/Taxes**

The amount budgeted amount for this line item is to cover the insurance and property taxes paid on the Bello Terra property owned by the agency. If these taxes are paid as part of the closing costs, then the expense in this line item would be eliminated

### **71-95-975-00 Transfer to Reserve**

This will be the net proceed due to the Agency from the sale of the Bello Terra property, after the expenses for closing, environmental cleanup, and the interfund loan due to the city have been paid. A small portion of this may be used to balance the FY 21 budget in the event the projected revenues do not cover the operating costs. This will become fund balance for the Agency and any use of this balance would require Board approval, as part of the budget process.

In addition, to the City Budget worksheets, we have attached the required budget form prepared by the State Auditor. This form is more general than our City worksheet, but it is the budget we are required to send to the State so both will be adopted by the RDA . Our discussion will focus on the City worksheet which is more detailed.

