DRAFT PROJECT AREA BUDGET

FILLMORE NORTH END
COMMUNITY REINVESTMENT AREA (CRA)

REDEVELOPMENT AGENCY OF
FILLMORE CITY, UTAH

MARCH 2021

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SECTION 1: INTRODUCTION

The Fillmore City Redevelopment Agency of (the "Agency"), following thorough consideration of the needs and desires of Fillmore City (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 Fillmore Community Reinvestment Project Area (the "Project Area", or "Fillmore CRA"), dated and approved by the Agency on _________, 2021. The Plan supports appropriate land-uses and economic development opportunities for the land encompassed by the Project Area which lies within the vicinity of the City's North Interstate-15 on and off ramp.

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 supporting the development of: retail, lodging, and restaurants. 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 is 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 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.

Utah Code §17C-5-303(4)

Besides this Fillmore North End CRA, the Agency only has two project areas in existence, the Dairy Farm RDA and the Fillmore CRA (South I-15 Interchange). The Agency's incremental value is, therefore, based entirely on the incremental value of the Dairy Farm RDA and Fillmore South CRA. Once the Fillmore North End CRA is created and generating increment, the incremental value generated by the CRA will contribute to the Agency's total incremental value.

SECTION 2: DESCRIPTION OF COMMUNITY REINVESTMENT PROJECT AREA

Utah Code §17C-5-303(6)

The Project Area will be created by the Agency and known as the Fillmore North End Community Reinvestment Area ("Fillmore North End CRA") located in the vicinity of the I-15 on and off ramps at the north end of the City. The land use in the Project Area is all zoned for highway commercial use. The Project Area is comprised of approximately 5 parcels, equaling approximately 60.60 acres of land, as depicted in Table 2.1. The Agency does not own any of the land contemplated to be included in the Project Area.

TABLE 2.1: PROJECT AREA PARCELS

Parcel Serial Number	Acres
F-6927-1	5.01
F-6970-1	6.20
F-6929-1	32.90
F-6929-1-1	1.49
F-6927-2	15.00
Total	**60.60**

A map of the Project Area is attached hereto in **EXHIBIT A**.

Two different phases are planned to be constructed within the Project Area. The first is the **Fillmore Travel Center**. Spread over 6.2 acres, the planned development contains a food court, gas station, and hospitality space spread over 16,376 square feet. The estimated increase in property value in the Project Area from this development is Six Million One-Hundred and Twenty-Five Thousand Five-Hundred and Fifty Dollars (**$6,125,550**).

The second planned development is a **Hotel and RV Park**. First, a 100-unit hotel on 8.2 acres. This will be followed by a 55 hookup RV park on 3 acres. The estimated increase in property value from this development within the Project Area is estimated at Eight Million Five-Hundred and Twenty-Four Thousand Four-Hundred and Fifty-One Dollars (**$8,524,451**).

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 to meet the objectives of the Fillmore North End CRA. With the assistance of tax increment, the Agency will be able to guide and support the development of the area surrounding the I-15 on and off ramps on the north end of the City.

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.

Utah Code §17C-5-303(1)(a)

Base Taxable Value (Base Year Value)

The Agency has determined that the base year property tax value ("Base Taxable Value") for the Project Area will be the total taxable value for the 2020 tax year which is estimated to be **$962,963**. Using the 2020 tax rates established within the Project Area the property taxes levied equate to $11,070 annually. Accordingly, this amount will continue to flow through to each taxing entity proportional to the amount of their respective tax rates being levied.

Utah Code §17C-5-303(1)(c)

Payment Trigger and Project Area Funds Collection Period

This Project Area Budget will have a twenty-year (20) duration from the date of the first tax increment received by the Agency. The collection of tax increment (referred to as the "Project Area Funds Collection Period") will be triggered at the discretion of the Agency prior to March 1 of the tax year in which they intend to begin the Project Area Funds Collection Period. 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, 20202, Year 1 of tax increment will be 2023. 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.

Utah Code §17C-5-303(1)(b)

Projected Tax Increment Revenue – Total Generation

Development within the Project Area will commence upon favorable market conditions and the construction of required infrastructure. The Agency anticipates that new development will begin in the Project Area in 2021, initially beginning with the completion travel center, which requires some public sewer infrastructure that has brought the progress of a development to a standstill. The construction timetable is depicted in **EXHIBIT B.** The contemplated development, which includes all phases within the Project Area will generate significant additional property tax revenue, sales taxes, transient room tax revenue.

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 2022. The budgeting model estimates that during the 20-year life of the Project Area Budget, the Project Area will generate about $2M in incremental property tax revenues. This Project Area Budget and the Project Area Plan envision that 75-percent of the incremental property tax revenue will be necessary to fund infrastructure that will support the sewer construction and infrastructure improvements required prior to development. 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 $221,404 of base taxes that the property would generate over 20 years.

Utah Code §17C-5-303(1)(g)

The Project Area will sunset after the Project Area Funds Collection Period is completed (collection of tax increment for a 20-year period), or once the Agency collects a maximum cumulative dollar amount of property tax increment from the Project Area of Two Million Fourteen Thousand One-Hundred and Eighty-One Dollars (**$2,014,181)**, whichever comes first.

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 assessed value of the Project Area is anticipated to be used for purposes of the Budget and Interlocal Agreements as the Base Taxable Value as defined in the Plan and Act. The current assessed value and proposed base taxable value is estimated to be $962,963. Based upon the tax rates in the area, the collective taxing entities are receiving $11,070 in property tax annually from this Project Area. This equates to approximately $221K over the twenty-year life of the Project Area.

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

Entity	Total	NPV at 5%
Millard County	$208,555	$125,094
Millard County School District	391,705	234,949
Fillmore City	52,737	31,633
Millard County Fire Service District	18,397	11,035
Total Revenue	**$671,394**	**$402,710**

Utah Code §17C-5-303(1)(f)

Property Tax Increment to be Received by RDA (75% Participation Rate for 20 Years)

All taxing entities that receive property tax generated within the Project Area, as detailed above, will share at least a portion of that property tax increment generation with the Agency. This Budget contemplates that all taxing entities will contribute 75% of their respective tax increment for 20 years. **Table 4.2** shows the amount of Tax Increment to be received by the Agency assuming the participation levels discussed above.

TABLE 4.2: SOURCES OF TAX INCREMENT FUNDS (PROPERTY TAX)

Entity	Percentage	Length	Total	NPV at 5%
Millard County	75%	20 Years	$625,665	$375,281
Millard County School District	75%	20 Years	1,175,114	704,848
Fillmore City	75%	20 Years	158,212	94,898
Millard County Fire Service District	75%	20 Years	55,190	33,104
Total Sources of Tax Increment Funds			**$2,014,181**	**$1,208,131**

Utah Code §17C-5-303(3)

Uses of Tax Increment

Most of the tax increment (85%) will be used to facilitate the construction of required sewer and infrastructure for the Fillmore Travel, Hotel, and RV Park. The developments are requesting at least $1.2M for the sewer infrastructure prior to development. The remainder will be used to ensure a sufficient rate of return to incentivize development and support the construction of additional infrastructure, storm drain, roads, culinary water, and other utilities. The following table illustrates the development needs, their total up-front costs.

TABLE 4.3: UP-FRONT COST OF DEVELOPMENT

Sources of Funds	Amount
Commercial Loan*	$ 9,200,000
Developer Equity	2,800,000
Sources Subtotal	**$ 12,000,000**
Uses of Funds	**Amount**
Refinance Existing Debt	4,800,000
Construction Cost	6,000,000
Public Infrastructure Cost	1,200,000
Uses Subtotal	**$ 12,000,000**

*A portion of this debt service will be paid using TIF proceeds to cover the cost of the public sewer infrastructure and refinancing of existing debt.

10% of the project area's tax increment will go towards affordable housing, as outlined in the Act ($201K total). The remaining 5% will be used to offset the administration costs of the Agency ($100K total).

Utah Code §17C-5-303(5)

TABLE 4.4: USES OF TAX INCREMENT

Uses	Total	NPV at 5%
Redevelopment Activities @ 85%	$1,712,054	1,026,911
CRA Housing Requirement @ 10%	201,418	120,813
Project Area Administration @ 5%	100,709	60,407
Total Uses of Tax Increment Funds	**$2,014,181**	**$1,208,131**

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 $4,823 in property taxes annually from this Project Area. If the Agency does not support the development's need for assistance with infrastructure, it is unlikely that these developments will take place in the City for the next 5 to 10 years. The developers will likely sell their properties and look to another City for land to develop, or wait to develop until market conditions are more favorable and the City is willing to support the developments' infrastructure needs.

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
Millard County	$3,439	$45,252	$48,691
Millard County School District	6,459	84,992	91,450
Fillmore City	870	11,443	12,312
Millard County Fire Service District	303	3,992	4,295
Total Revenue	**$11,070**	**$145,678**	**$156,749**

SECTION 5: COST/BENEFIT ANALYSIS

Additional Revenues

Other Tax Revenues
The development within the Project Area will also generate sales taxes and transient room taxes.

Table 5.1 shows the total revenues generated by the Project Area. This total includes the anticipated property tax increment, sales tax, and transient room tax.

TABLE 5.1: TOTAL REVENUES

Entity	Property Tax	Sales Tax	Telecom Tax	Energy Tax	Transient Room Tax	Total Incremental Revenues
Millard County	$208,555	$226,181	$ -	$ -	$161,080	$595,816
Millard County School District	391,705	-	-	-	-	391,705
Fillmore City	52,737	904,724	26,463	18,327	53,693	1,055,945
Millard County Fire Service District	18,397	-	-	-	-	18,397
Total Revenue	**$671,394**	**$1,130,905**	**$26,463**	**$18,327**	**$214,773**	**$2,061,862**

Additional Costs

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

TABLE 5.2: TOTAL EXPENDITURES

Expenditures	General Government	Public Works	Public Safety	Total Incremental Expenditures
Millard County	$95,941	$94,585	$149,697	$340,223
Millard County School District	-	-	-	-
Fillmore City	224,640	263,800	101,316	589,756
Millard County Fire Service District	1,815	-	8,125	9,940
Total Revenue	**$322,396**	**$358,384**	**$259,138**	**$939,918**

The City's net benefit from the Project Area is estimated to be $466,189. Because the developments will likely have a minimal impact on the school districts expenses, it is assumed that only the City, County, and Fire District will experience an increase in costs due to development in the CRA Project Area. The total net benefit to the taxing entities is therefore, **$1,121,944**, or the total benefit $2,061,862 minus the CRA budget and additional costs to the City, $939,918.

TABLE 5.3: NET BENEFIT

Entity	Additional Tax Revenues	Minus	Additional Costs	Equals	Total Net Benefit
Fillmore City	$1,055,945	-	$589,756	=	$466,189
All Taxing Entities	$1,005,917	-	$350,162	=	$655,755
Totals:	**$2,061,862**		**$939,918**		**$1,121,944**

EXHIBIT A: PROJECT AREA MAP

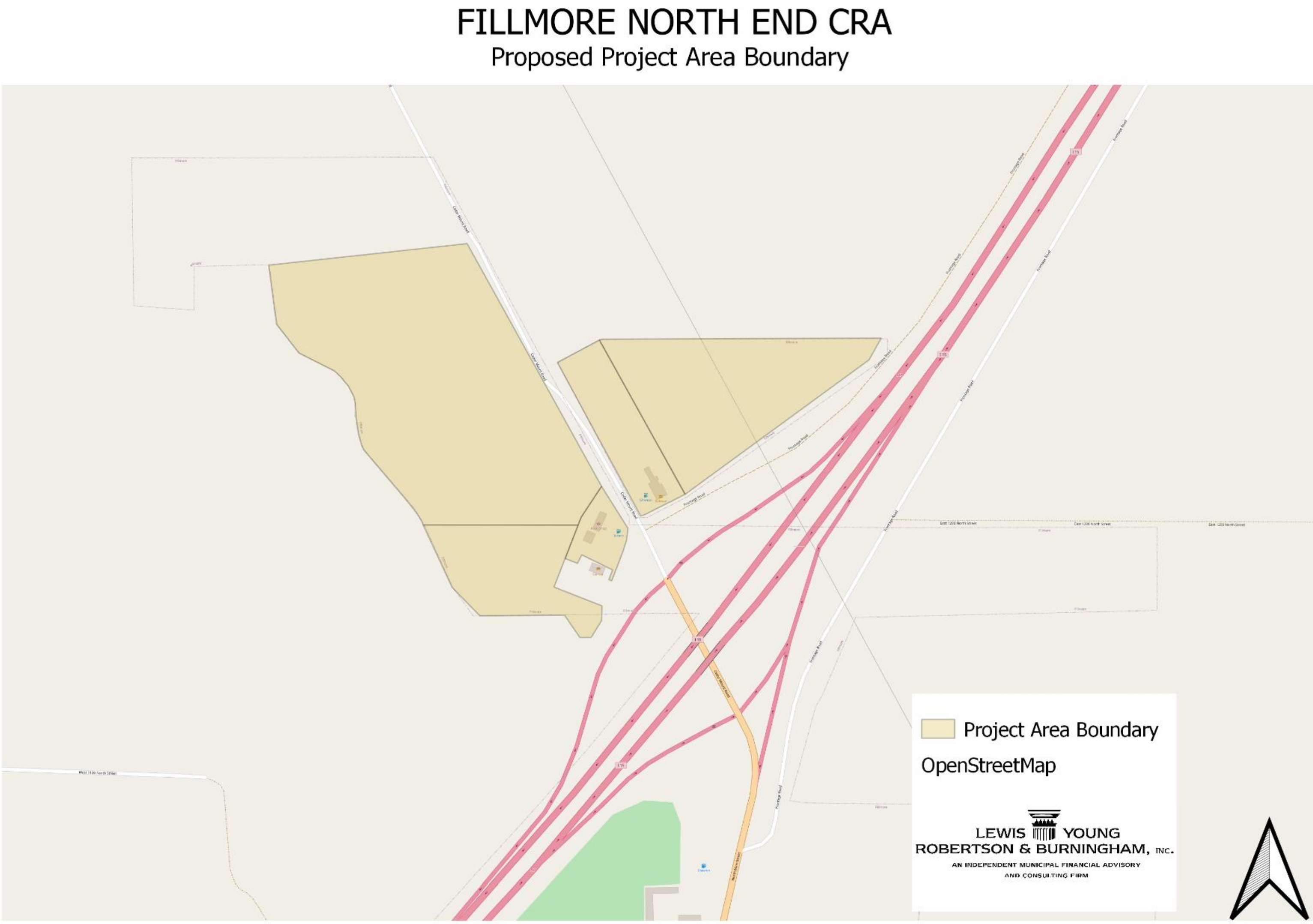

EXHIBIT B: MULTI-YEAR BUDGET

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20		
Tax Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040		
Payment Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041		
Taxable Valuation																						
Phase 1: C-Store Land	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500	614,500		
Phase 1: C-Store Buildings	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730	3,807,730		
Phase 1: C-Store Personal Property	1,703,320	1,580,400	1,475,040	1,334,560	1,211,640	1,106,280	1,000,920	842,880	737,520	614,600	491,680	351,200	193,160	1,703,320	1,580,400	1,475,040	1,334,560	1,211,640	1,106,280	1,000,920		
Phase 1 Assesed Value	6,125,550	6,002,630	5,897,270	5,756,790	5,633,870	5,528,510	5,423,150	5,265,110	5,159,750	5,036,830	4,913,910	4,773,430	4,615,390	6,125,550	6,002,630	5,897,270	5,756,790	5,633,870	5,528,510	5,423,150		
Phase 2: Hotel and RV Park Land	-	-	1,023,094	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188	2,046,188		
Phase 2: Hotel and RV Park Buildings	-	-	2,697,749	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498	5,395,498		
Phase 2: Hotel and RV Park Personal Property	-	-	541,383	1,004,628	937,652	848,352	770,215	703,239	636,264	535,801	468,826	390,689	312,551	223,251	122,788	1,082,765	1,004,628	937,652	848,352	770,215		
Phase 2 Assessed Value	-	-	4,262,226	8,446,314	8,379,338	8,290,038	8,211,901	8,144,925	8,077,950	7,977,487	7,910,512	7,832,375	7,754,237	7,664,937	7,564,474	8,524,451	8,446,314	8,379,338	8,290,038	8,211,901		
Less Base Year Value	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)	(962,963)		
Incremental Assessed Value	**5,162,587**	**5,039,667**	**9,196,533**	**13,240,141**	**13,050,245**	**12,855,585**	**12,672,088**	**12,447,072**	**12,274,737**	**12,051,354**	**11,861,459**	**11,642,842**	**11,406,664**	**12,827,524**	**12,604,141**	**13,458,758**	**13,240,141**	**13,050,245**	**12,855,585**	**12,672,088**		
Tax Rate																						
Total Tax Rate	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496	0.011496		
Participation Rate																						
Millard County	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Millard County School District	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Fillmore City	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Millard County Fire Service District	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Tax Increment																					**Totals**	**NPV@5%**
Millard County	13,827	13,497	24,631	35,460	34,952	34,430	33,939	33,336	32,875	32,277	31,768	31,182	30,550	34,355	33,757	36,046	35,460	34,952	34,430	33,939	625,665	375,281
Millard County School District	25,969	25,351	46,261	66,601	65,646	64,667	63,744	62,612	61,745	60,621	59,666	58,566	57,378	64,526	63,402	67,701	66,601	65,646	64,667	63,744	1,175,114	704,848
Fillmore City	3,496	3,413	6,228	8,967	8,838	8,706	8,582	8,430	8,313	8,162	8,033	7,885	7,725	8,687	8,536	9,115	8,967	8,838	8,706	8,582	158,212	94,898
Millard County Fire Service District	1,220	1,191	2,173	3,128	3,083	3,037	2,994	2,941	2,900	2,847	2,802	2,751	2,695	3,031	2,978	3,180	3,128	3,083	3,037	2,994	55,190	33,104
Total Increment for Budget	44,512	43,452	79,293	114,156	112,519	110,841	109,259	107,319	105,833	103,907	102,270	100,385	98,348	110,599	108,673	116,041	114,156	112,519	110,841	109,259	**2,014,181**	**1,208,131**
Expenditures																					**Totals**	**NPV@5%**
Developer Incentive Payments (85%)	37,835	36,934	67,399	97,033	95,641	94,215	92,870	91,221	89,958	88,321	86,929	85,327	83,596	94,009	92,372	98,635	97,033	95,641	94,215	92,870	1,712,054	1,026,911
CRA Housing Requirement (10%)	4,451	4,345	7,929	11,416	11,252	11,084	10,926	10,732	10,583	10,391	10,227	10,038	9,835	11,060	10,867	11,604	11,416	11,252	11,084	10,926	201,418	120,813
CRA Administration (5%)	2,226	2,173	3,965	5,708	5,626	5,542	5,463	5,366	5,292	5,195	5,113	5,019	4,917	5,530	5,434	5,802	5,708	5,626	5,542	5,463	100,709	60,407
Total Uses	44,512	43,452	79,293	114,156	112,519	110,841	109,259	107,319	105,833	103,907	102,270	100,385	98,348	110,599	108,673	116,041	114,156	112,519	110,841	109,259	**2,014,181**	**1,208,131**
Pass Through Increment																					**Totals**	**NPV@5%**
Total Pass Through Increment	14,837	14,484	26,431	38,052	37,506	36,947	36,420	35,773	35,278	34,636	34,090	33,462	32,783	36,866	36,224	38,680	38,052	37,506	36,947	36,420	**671,394**	**402,710**
Base Year Revenue	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	11,070	**221,404**	**137,959**