

Re: Response to your request for an explanation regarding changes in the allocation of uses for the Red Bridge project.

As you know, the finalized plan approved by the UDOT consulting engineer for the 800 South extension has required extensive changes in the Red Bridge site plan to accommodate the widened and elevated 800 South collector road. The additional roadway has reduced the total buildable area of the site and resulted in the reduction of site frontage suitable for commercial development. The original site plan for the Red Bridge project included commercial pads for approximately 231,200 square feet of commercial gross building area. After the 800 South taking, the remaining commercial site area feasible for commercial development will accommodate only 144,571 square feet of commercial gross building area, a loss of 86,629 square feet of commercial gross building area which is a loss of approximately 216,572 square feet of commercial site area.

The reduced commercial site area results in a value loss attributable to the site of approximately \$2,707,000. More importantly, it reduces the PID assessment base by approximately \$19,491,525 (the estimated taxable value of the commercial buildings). If this reduction in the PID assessment base is not offset by the residential uses, the mil levy would increase significantly.

Recently we submitted to you a partial list of costs incurred in the 800 South taking. At the time we submitted the list we did not have the January billing for the required design changes. These additional design costs total approximately \$77,000. Additional site improvement costs (including the roundabout) are estimated to be approximately \$600,000. Furthermore, we continue to accrue additional interest costs, holding costs, construction cost increases, design costs and engineering costs because of the 800 South taking. These additional costs (not including the land) are estimated at approximately \$2,250,000. We need to maintain the maximum development potential of the site to overcome these costs associated with the 800 South taking.

The foregoing information is summarized as follows:

- ! The 800 South taking reduces the previously planned commercial development in the Red Bridge project by 86,629 square feet of gross building area and results in a potential reduction of \$19,491,525 in the PID assessment base. If not offset by residential uses, the foregoing would increase the mil levy associated with the PID.
- ! The reduction in commercial site area results in a value loss attributable to the site of approximately \$2,707,000.
- ! Other costs associated with the taking total approximately \$2,250,000.

Sincerely,

Payson South Meadows Partners
Sheila Michaelis, Manager