

DRAFT PROJECT AREA BUDGET

Wasatch Community Reinvestment Project Area

MILLCREEK COMMUNITY REINVESTMENT AGENCY



APRIL 2022


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Section 1: Introduction

Millcreek Community Reinvestment Agency (the “Agency”), following thorough consideration of the needs and desires of Millcreek, Utah (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 Wasatch Community Reinvestment Project Area (the “Project Area”). The Plan is the result of a comprehensive evaluation of the types of appropriate land-uses and economic development opportunities for the land encompassed by the Project Area which lies along and near the I-215 Interchange and Wasatch Blvd in the City.

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 City has determined it is in the best interest of its citizens 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 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 always been observed throughout the establishment of the Project Area.

Section 2: Description of Community Development Project Area

The Agency was established for the purpose of promoting economic activity within the boundaries of the City and Agency. Pursuant to that purpose, the Agency has determined that it is in the best interests of the taxing entities who levy property taxes within the proposed project area to promote the development of a luxury auto dealership and other mixed-use development activity.

The Project Area is located at a highly visible, yet narrow section of land between Wasatch Blvd and I-215. The narrowness of the “no man’s land” has made it difficult to develop and it has remained undeveloped since the completion of I-215 in 1969. “But for” public participation, the land will remain undeveloped.

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

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 vision and objectives. The Project Area Plan has identified that tax increment financing is essential to meet the objectives of the Project Area. 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 2021 tax year which is estimated to be **\$973,800**. 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

The Project Area will have an estimated twenty-year (20) duration from the date of the first tax increment received by the Agency. 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 increment. The following year in which this increment will be remitted to the Agency will be Year 1, e.g., if requested prior to March 1, 2023, Year 1 of increment will be 2023. The Agency anticipates it will trigger tax increment by March 1, 2024, but in no case will the Agency trigger the first year of tax increment collection after March 1, 2026.

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 2022. The contemplated development will generate significant additional property tax revenue as well as incremental sales and use tax above what is currently generated within the Project Area.

Property Tax Increment will begin to be generated in the tax year (ending Dec 1st) following construction completion and Tax Increment will 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 2024 or as late as 2025. 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 **\$7.09 million** or at a **net present value (NPV)¹ of \$4.79 million**.

¹ Net Present Value (NPV) of future cash flows assumes a 4% discount rate. The same 4% discount rate is used in all remaining NPV calculations. This total is prior to accounting for the flow-through of tax increment to the respective taxing entities.

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 is estimated to be **\$973,800**. Based upon the tax rates in the area, the collective taxing entities are receiving **\$12,942** in property tax annually from this Project Area. This equates to approximately **\$258,836** over the 20-year life of the Project Area.

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

Entity	Total	NPV at 4%	Annual
Salt Lake County	\$34,609	\$23,517	\$1,730
Salt Lake County Library	9,232	6,273	462
Granite School District	138,377	94,029	6,919
Millcreek City	33,090	22,485	1,654
South Salt Lake Valley Mosquito Abatement District	234	159	12
Mt. Olympus Improvement District	4,460	3,031	223
Central Utah Water Conservancy District	7,790	5,294	390
Unified Fire Service Area	31,045	21,095	1,552
Total Revenue	\$258,836	\$175,883	\$12,942

Property Tax Increment Shared with RDA – Project Area Budget

All taxing entities that receive property tax generated within the Project Area, as detailed above, will share at least a portion of that increment generation with the Agency. All taxing entities shown in Table 4.2 will contribute an estimated 70% of their respective tax increment for 20 years. **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%
Salt Lake County	70%	20 Years	\$663,940	\$447,957
Salt Lake County Library	70%	20 Years	177,100	119,489
Granite School District	70%	20 Years	2,654,638	1,791,072
Millcreek City	70%	20 Years	634,797	428,294
South Salt Lake Valley Mosquito Abatement District	70%	20 Years	4,484	3,025
Mt. Olympus Improvement District	70%	20 Years	85,561	57,728
Central Utah Water Conservancy District	70%	20 Years	149,452	100,834
Unified Fire Service Area	70%	20 Years	595,566	401,825
Total Sources of Tax Increment Funds			\$4,965,538	\$3,350,224

Uses of Tax Increment

Most of the tax increment (85%) will be used to facilitate the development of the luxury auto dealership. 10% of the Project Area's tax increment will be used on qualified affordable housing uses, as outlined in the Act. The remaining 5% will be used to offset the administration costs of the Agency. The County will also use 5% of their proportional tax increment for administration costs associated with the Project Area.

TABLE 4.3: USES OF TAX INCREMENT

Uses	Total	NPV at 4%
Redevelopment Activities (Infrastructure, Relocation, Incentives, etc.)	\$4,178,655	\$2,819,318
CRA Housing Requirement (<i>estimated @ 10%</i>)	496,554	335,022
Agency Administration (5%)	248,277	167,511
County Administration (5% of County's Tax Increment)	42,052	28,372
Total Uses of Tax Increment Funds	\$4,965,538	\$3,350,224

A multi-year projection of tax increment is included 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 \$12,942 in property taxes annually from this Project Area. At the end of 20 years an additional \$361,170 in property taxes annually is anticipated, totaling approximately \$374,112 in property taxes annually for the area.

TABLE 4.4: 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
Salt Lake County	\$1,730	\$48,292	\$50,022
Salt Lake County Library	462	12,881	13,343
Granite School District	6,919	193,086	200,005
Millcreek City	1,654	46,172	47,827
South Salt Lake Valley Mosquito Abatement District	12	326	338
Mt. Olympus Improvement District	223	6,223	6,446
Central Utah Water Conservancy District	390	10,870	11,260
Unified Fire Service Area	1,552	43,319	44,871
Total	\$12,942	\$361,170	\$374,112

Section 5: Cost/Benefit Analysis

Additional Revenues

Other Tax Revenues

The development within the Project Area will also generate sales taxes for the City and County. **Table 5.1** shows the total revenues generated by the Project Area. This total includes the anticipated property tax increment and sales and use tax.

TABLE 5.1: REVENUE ANALYSIS FOR TAXING ENTITIES (20 YEAR TOTAL).

Entity	Property Tax	Sales Tax	Total Incremental Revenues
Salt Lake County	\$948,485	\$3,338,200	\$4,286,686
Salt Lake County Library	253,001	-	253,001
Granite School District	3,792,341	-	3,792,341
Millcreek City	906,852	8,067,468	8,974,321
South Salt Lake Valley Mosquito Abatement District	6,405	-	6,405
Mt. Olympus Improvement District	122,230	-	122,230
Central Utah Water Conservancy District	213,503	-	213,503
Unified Fire Service Area	850,808	-	850,808
Total Revenue	\$7,093,625	\$11,405,669	\$18,499,294

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: COST/BENEFIT ANALYSIS FOR CITY (OVER LIFE OF PROJECT AREA)

Entity	CRA Budget	General Government	Public Safety	Public Works	Total Incremental Expenses
Salt Lake County	\$663,940	\$15,682	-	-	\$679,622
Salt Lake County Library	177,100	-	-	-	177,100
Granite School District	2,654,638	43,243	-	-	2,697,881
Millcreek City	1,786,551 ²	133,603	219,705	151,588	2,291,447
South SL Valley Mosquito Abatement District	4,484	147	-	-	4,631
Mt. Olympus Improvement District	85,561	5,372	-	-	90,933
Central Utah Water Conservancy District	149,452	7,475	-	-	156,927
Unified Fire Service Area	595,566	28,635	-	-	624,201
Total Revenue	\$6,117,292	\$234,157	\$219,705	\$151,588	\$6,722,742

The total net benefit to the taxing entities of participating in the Project Area is **\$11,776,552** with the City's net benefit being **\$6,682,874**. The costs and benefits and other financial aspects of the Project Area are further detailed in the Project Area Budget.

² The City is also anticipating providing a sales tax incentive to the luxury auto dealer, the estimated amount is reflected in the total CRA budget for the City.

Exhibit A: Project Area Map

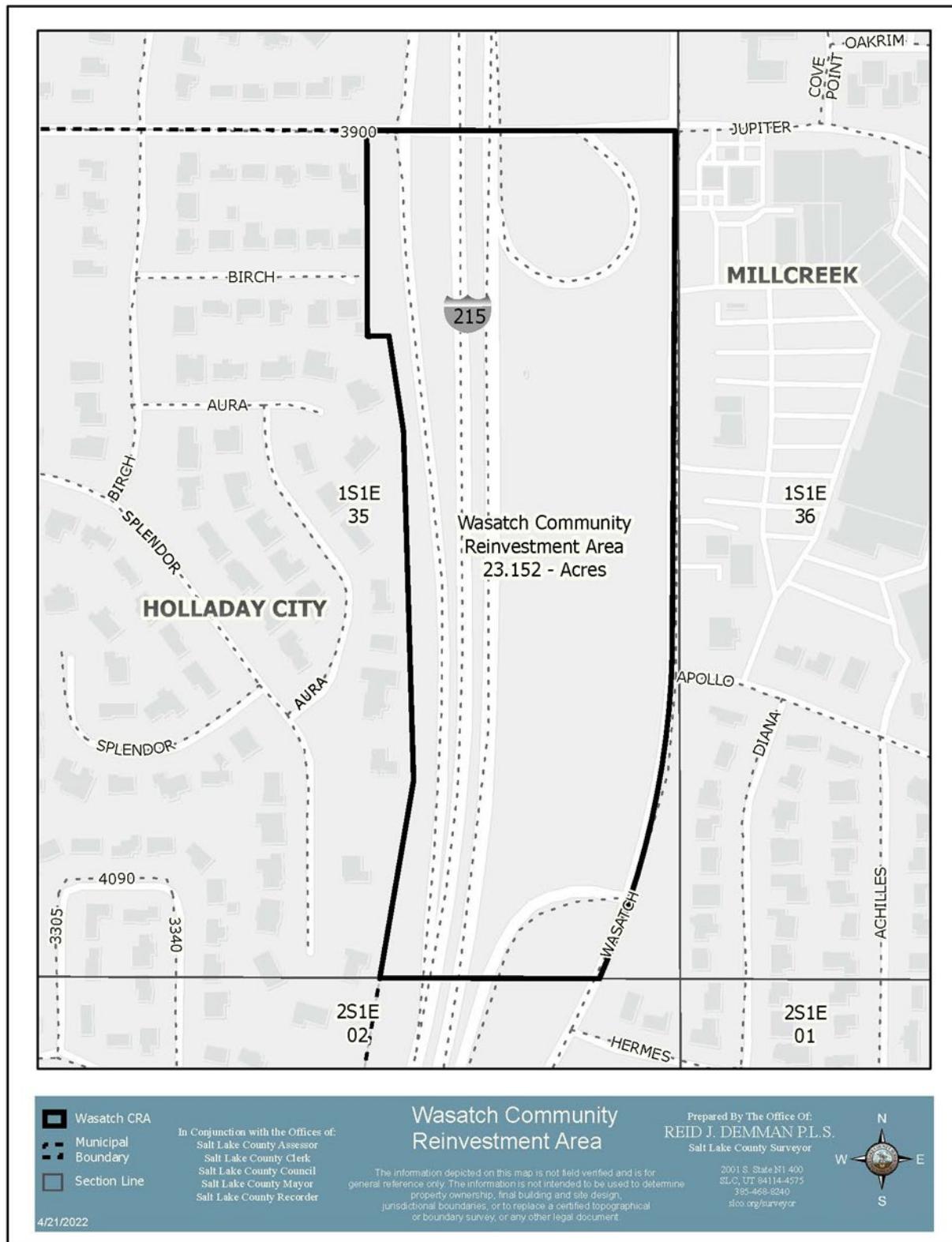


Exhibit B: Multi-Year Budget

Millcreek Community Reinvestment Agency

Wasatch CRA

Increment and Budget Analysis

ASSUMPTIONS:	
Discount Rate	4.0%
Participation Rate	70.0%

Tax District ACP

INCREMENTAL TAX ANALYSIS:	Payment Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	TOTALS	NPV	
	Tax Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043			
	Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20			
Porsche Dealership		\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756	\$17,089,756			
Commercial		\$2,684,206	\$2,684,206	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800	\$5,250,800			
Office		\$1,333,439	\$1,333,439	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267	\$2,549,267			
Residential		\$1,186,249	\$1,186,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249	\$2,286,249			
Total New Assessed Value:		22,293,650	22,293,650	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072	27,176,072			
Existing Area Value		973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800	973,800			
Less Base Year Value		(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)	(973,800)			
TOTAL Assessed Value Less Base Year Value (Incremental Value)		\$22,293,650	\$22,293,650	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072	\$27,176,072			
TAX RATE & INCREMENT ANALYSIS:	2021 Rates																							
Salt Lake County	0.001777	\$39,616	\$39,616	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$48,292	\$948,485	\$639,939	
Salt Lake County Library	0.000474	10,567	10,567	12,881	12,881	12,881	12,881	12,881	12,881	12,881	12,881	12,881	12,881	12,881	12,881	12,881	12,881	12,881	12,881	12,881	12,881	253,001	170,698	
Granite School District	0.007105	158,396	158,396	193,086	193,086	193,086	193,086	193,086	193,086	193,086	193,086	193,086	193,086	193,086	193,086	193,086	193,086	193,086	193,086	193,086	193,086	3,792,341	2,558,674	
Millcreek City	0.001699	37,877	37,877	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	46,172	906,852	611,849	
South Salt Lake Valley Mosquito Abatement District	0.000012	267.52	268	326	326	326	326	326	326	326	326	326	326	326	326	326	326	326	326	326	326	6,405	4,321	
Mt. Olympus Improvement District	0.000229	5,105	5,105	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223	122,230	82,468	
Central Utah Water Conservancy District	0.000400	8,917	8,917	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	10,870	213,503	144,049	
Unified Fire Service Area	0.001594	35,536	35,536	43,319	43,319	43,319	43,319	43,319	43,319	43,319	43,319	43,319	43,319	43,319	43,319	43,319	43,319	43,319	43,319	43,319	43,319	850,808	574,036	
TOTAL INCREMENTAL REVENUE IN PROJECT AREA:		\$296,283	\$296,283	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$361,170	\$7,093,625	\$4,786,034	
PROJECT AREA BUDGET		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044			
Sources of Funds:		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	TOTALS	NPV
Property Tax Participation Rate for Budget																								
Salt Lake County	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%		
Salt Lake County Library	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%		
Granite School District	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%		
Millcreek City	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%		
South Salt Lake Valley Mosquito Abatement District	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%		
Mt. Olympus Improvement District	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%		
Central Utah Water Conservancy District	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%		
Unified Fire Service Area	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%		
Property Tax Increment for Budget																								
Salt Lake County		\$27,731	\$27,731	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$33,804	\$663,940	\$447,957	
Salt Lake County Library		\$7,397	\$7,397	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	\$9,017	177,100	119,489	
Granite School District		\$110,877	\$110,877	\$135,160	\$135,160	\$135,160	\$135,160	135,160	135,160	135,160	135,160	135,160	135,160	135,160	135,160	135,160	135,160	135,160	135,160	135,160	135,160	2,654,638	1,791,072	
Millcreek City		\$26,514	\$26,514	\$32,321	\$32,321	\$32,321	\$32,321	32,321	32,321	32,321	32,321	32,321	32,321	32,321	32,321	32,321	32,321	32,321	32,321	32,321	32,321	634,797	428,294	
South Salt Lake Valley Mosquito Abatement District		\$187	\$187	\$228	\$228	\$228	\$228	228	228	228	228	228	228	228	228	228	228	228	228	228	228	4,484	3,025	
Mt. Olympus Improvement District		\$3,574	\$3,574	\$4,356	\$4,356	\$4,356	\$4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	4,356	85,561	57,728	
Central Utah Water Conservancy District		\$6,242	\$6,242	\$7,609	\$7,609	\$7,609	\$7,609	7,609	7,609	7,609	7,609	7,609	7,609	7,609	7,609	7,609	7,609	7,609	7,609	7,609	7,609	149,452	100,834	
Unified Fire Service Area		\$24,875	\$24,875	\$30,323	\$30,323	\$30,323	\$30,323	30,323	30,323	30,323	30,323	30,323	30,323	30,323	30,323	30,323	30,323	30,323	30,323	30,323	30,323	595,566	401,825	
Total Property Tax Increment for Budget:		\$207,398	\$207,398	\$252,819	\$252,819	\$252,819	\$252,819																	