

**MEADOW POINTE COMMUNITY REINVESTMENT PROJECT AREA  
BUDGET**

**January 14<sup>th</sup>, 2020**



**LEHI CITY REDEVELOPMENT AGENCY**

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## **Section 1: Introduction**

Per Utah Code § 17C-5-303, the Lehi City Redevelopment Agency (the “Agency”) is required to prepare a project area budget (“Budget”) for the Meadow Pointe Community Reinvestment Project Area (the “Project Area”). This Budget is based on projected development within the Project Area, which includes professional office space, restaurants, retail center, one or more hotels, a convenience store and multiple new car dealerships. As development takes time to occur, the Budget takes into account the timing of the development. The purpose of this Budget is to set forth the Agency’s good-faith projections about the impact of development within the Project Area on the Agency and the benefits to the individual taxing entities.

This Budget meets the requirements of the Utah Limited Purpose Local Government Entities – Community Reinvestment Agency Act (the “Act”).

This Budget is prepared in good faith as a current reasonable estimate of the economic impact of projected development within the Project Area. Changes in fundamental economic factors and other circumstances may influence the actual impact. With these assumptions, the information contained within this Budget represents the reasonable expectations of the Agency. The Agency makes no guarantee that the projections contained in this Budget for the Project Area accurately reflect the future development within the Project Area. Further, the Agency specifically reserves all powers granted to it under the Act, as amended; this Budget shall not be interpreted to limit or restrict the powers of the agency as granted by the Act. The actual amount of tax increment received by the Agency will be determined by an interlocal agreement between the Agency and Lehi City.

## **Section 2: Base Taxable Value (17C-5-303(1)(a))**

The base value for the Project Area Budget is the total assessed value of property within the Project Area for the 2019 tax year which is estimated to be \$160,609,400. Based on the tax rate set for 2019, the real property within the Project Area generates approximately \$1,675,104.46 in annual property tax revenue. The current Project Area is classified as regional commercial and resort community and currently contains four professional office buildings with parking garages and a Tru hotel by Hilton. There is currently one Class A office space, a convenience store and a new car dealership under construction. The rest is vacant land with limited road infrastructure but no other infrastructure or structures. The zoning designation is to drive a higher and better use of the property and facilitate continued growth in real and personal property and sales and use tax.

The base taxable value used to calculate the sharing of tax increment pursuant to interlocal agreements with the taxing entities will be set in each interlocal agreement as required by Utah Code § 17C-5-204(6)(a). The base year has been set as 2019. The Agency will be requesting 50% of the personal and real property and collected sales and use tax participation from Lehi City only. The Budget will reflect the tax increase to each taxing entity.

### **Section 3: Projected Amount of Tax Increment to be Generated Within the Community Reinvestment Project Area (17C-5-303(1)(b))**

It is anticipated that construction within the Project Area will continue through 2019 with tax increment being generated beginning in 2020. The Agency anticipates receiving a portion of this tax increment pursuant to interlocal agreements with Lehi City. It is currently estimated that over a 20-year period, the tax increment to be generated by new development within the Project Area will be approximately \$36.582 million with approximately \$26.047 million in personal and real property tax and approximately \$10.535 million in sales and use tax. The real and personal property value is based on approximately \$147 million in investment in development in the Project Area (professional office space, restaurants, retail center, hotels, convenience store and multiple new car dealerships and service centers), the taxing entities would receive approximately \$23.947 million in tax revenue over the next 20 years from the real and personal property within the Project Area. Lehi City would receive approximately \$5.267 million in sales and use tax over the next 20 years within the Project Area. The Agency's detailed financial projections are shown on the spreadsheet attached hereto as **Exhibit A**.

### **Section 4: Each Project Area Funds Collection Period 17C-5-303(1)(c)**

The Agency expects to receive tax increment from the Project Area for a period of twenty years. The Agency will determine when tax increment collection will begin, or be "triggered" by the Agency. The Agency expects to trigger the tax increment collection period on or before March 1<sup>st</sup>, 2020. The actual details of the Project Area funds collection period will be set in the interlocal agreement(s) with Lehi City. The base year will be 2019 with collection started in 2020.

### **Section 5: The Projected Amount of Tax Increment to be Paid to Other Taxing Entities in Accordance With Section (17C-1-410) (17C-5-303(1)(d))**

While it is anticipated that the personal and real property tax generation for the Project Area will be approximately \$36.582 million over the 20 years, the Agency will receive approximately \$2,099,071 which is 50% of Lehi City's tax valuation. It's anticipated that the Agency will receive 50% of Lehi City's sales and use tax collected for 20 years to facilitate development within the Project Area which is approximately \$5,267,549 million. Lehi City will receive the other 50% sales and use tax which is estimated at \$5.267 million.

### **Section 6: If the Area From Which Tax Increment is Collected is Less Than the Entire Community Reinvestment Project Area (17C-5-303(1)(e))**

The Agency anticipates collecting personal and real property and sales and use tax increment from the entire Project Area. The Agency anticipates collecting tax increment for a period of 20 years. Actual details about the tax increment collection will be set in the interlocal agreement with Lehi City.

## **Section 7: The Percentage and Maximum Cumulative Dollar Amount of Tax Increment the Agency is Authorized to Receive From the Community Reinvestment Project Area 17C-5-303(1)(f)-(g)**

The Agency anticipates collecting 50 percent of Lehi Cities personal and real property and sales and use tax collected by the new development/new car dealership within the Project Area, with a maximum cumulative dollar amount of \$6,019,890. The budget shows \$5,267,549 which is 50% of the sales and use tax collected and \$2,099,071 which is 50% personal and real property. Of the \$6,019,890 million budget there is a 10% set aside for low to moderate housing of \$723,702.13 and 5% administration fee of \$368,889.02. The budget total is \$6,019,890.15. The 2011 Development Agreement is for 50% of the personal and real property and sales and use tax collected for Lehi City to cover public infrastructure costs. Based on the budget for infrastructure costs, incentives, housing allotment and administration fee the Agency will enter into an interlocal agreement for 20 years or \$6,019,890.15, whichever comes first. The maximum cumulative dollar amount that can or will be collected is \$6,019,890.15 for public infrastructure and incentive costs, 368,889.02 for a 5% administrative fee and \$723,702.13 for the 10% low to moderate housing requirement. It is anticipated that once all public infrastructure, land purchases and incentives are paid the Agency will close the Meadow Pointe CRA. Payments will first be made to Lehi City to reimburse the City's cost for impact fees, infrastructure improvements, land acquisition costs, and any other costs associated with the RDA. Once Lehi City is reimbursed landowner(s) and developers will receive reimbursement for improvements and land acquisition per the 2011 Development Agreement.

## **Section 8: Sales and Use Tax Revenue (17C-5-303(2)(a-b))**

The Agency is authorized to negotiate for sales and use taxes from the public entities that collect them, and the Agency anticipates receiving 50% of any sales or use tax collected revenue from the Project Area. The collection period will be for 20 years or \$6,019,890.15 whichever comes first. The sales and use tax is 50% of what the city collects.

## **Section 9: The Amount of Project Area Funds the Agency will use to Implement the Community Reinvestment Project Area Plan (17C-5-303(3))**

The Agency anticipates using all tax increment received by the Agency to implement the Project Area Plan, encourage development within the Project Area, and fulfill obligations within the 2011 Development Agreement.. The Agency currently anticipates using that full amount for infrastructure, incentives and right-of-way property purchase that was needed for development within the Project Area. The anticipated infrastructure costs are shown below.

### Improvements Needed to Implement the CRA Plan

Ashton Blvd Road Completion	\$ 2,000,000.00
Acquisition of Property	\$ 606,000.00
Incentive	\$ 750,000.00
Reimburse Stack for public improvements	\$ 1,571,299.00
<b>Total Fund Uses</b>	<b>\$ 4,927,299.00</b>

## Section 10: The Agency's Combined Incremental Value (17C-5-303(4))

The combined overall incremental value collected by the Agency is \$7,366,620 based on the budget at a 50% participation from the Lehi City over a 20-year period. The cap amount will be set at \$6,019,890.15 for the reimbursable costs or 20 years whichever comes first. The current assessed value of the Project Area is approximately \$160,609,400. All the property is currently zoned for Regional Commercial and Resort Community and the majority is vacant land which is a lower use and tax designation. It is anticipated that upon completion of the development project the assessed value will be increased to \$308,443,347. The overall new development cost is estimated at \$147,833,947 million. The overall personal and real property tax generation for the project area is estimated at \$26,047,001 over the 20 years. Of the \$26M Lehi City will receive approximately \$4,198,143 of which the Agency would receive 50% or \$2,099,071 over 20 years.

Total sales and use tax at 6.25% are estimated at \$159,258,571 over the 20 years. Of the 6.25%, Lehi City collects .50% or \$10,535,098. Of the \$10.535 million collected by Lehi City the Agency would receive 50% or \$5,267,549 over the 20 years. This estimation is based on three new automobile dealerships being constructed and operated. Average tax generation was evaluated based on NADA national standards, assumptions provided by the dealership and other like products currently in the market.

The Budget assumes personal and real property is not generated all in year one, therefore the Plan and Budget take into account a timeline for the property value to increase. Building five will be on the tax rolls for 2020 with building six, seven and eight being constructed between 2022 - 2026. Sales and use tax is not all generated in year one, therefore the Plan and Budget take into a timeline that account for the sales to accrue on an annual basis. It is anticipated that by year 1 the first dealership will be generating sales and use taxes. It is projected that the other dealerships would come online about every two years. Based on this assumption at year 20, the Project Area should be valued at approximately \$308,443,347 million in personal and real property with approximately \$7,962,928 at 6.25% in sales and use tax being generated annually.

## Section 11: The Amount of Project Area Funds That will be Used to Cover the Cost of Administering the Community Reinvestment Project Area Plan 17C-5-303(5)

The Agency estimates that 100 percent of the tax increment collected by the Agency will be used (i) to repay the necessary infrastructure and incentive costs that were needed to develop the Project Area; (ii) in compliance with Utah Code 17C-5-307(2) any funds collected in excess of \$100,000 on an annual basis are subject to the 10% allocation for low to moderate income housing (per the budget analysis it's anticipated that the Agency will have to collect funds for the CRA housing requirement); and (iii) for a 5%

administrative fee for administrative and operational costs of the Agency. Estimated amounts based on the budget for the mandatory housing allocation and administration fee are shown below.

**Administrative Costs**

CRA Housing Requirement at 10%	\$	723,702.13
RDA Administrative Fee 5%	\$	368,889.02
<b>Total Costs</b>	\$	1,092,591.15

**Section 12: Property Owned by the Agency (17C-5-303(6))**

The Agency does not own and does not anticipate purchasing property to develop within the Project Area.

## EXHIBIT A – Detailed Financial Projections

<b>Meadow Pointe CRA Community Reinvestment Area 2019</b>												
	Year	1	2	3	4	5	10	15	20			
Increment Property Tax	Payment Year	2020	2021	2022	2023	2024	2029	2034	2039			
	Tax Year	2019	2020	2021	2022	2023	2028	2033	2038			
<b>Total Increment Value</b>		\$ 228,217.67	\$ 47,319.60	\$ 61,879.27	\$ 113,645.23	\$ 113,645.23	\$ 194,369.36	\$ 248,065.36	\$ 248,065.36	\$ 317,500.00	\$ 317,500.00	\$ 2,057,500.00
<b>Sales and Use Tax</b>		\$ 75,000.00	\$ 75,000.00	\$ 75,000.00	\$ 212,500.00	\$ 212,500.00	\$ 212,500.00	\$ 317,500.00	\$ 317,500.00	\$ 317,500.00	\$ 317,500.00	\$ 2,057,500.00
<b>Total Increment Value Generated</b>		\$ 153,217.67	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Utah County</b>		\$ 20,642.40	\$ 26,993.82	\$ 49,575.87	\$ 49,575.87	\$ 84,790.45	\$ 108,214.45	\$ 108,214.45	\$ 108,214.45	\$ 108,214.45	\$ 108,214.45	\$ 749,226.65
<b>Alpine School Dist</b>		\$ 198,330.60	\$ 259,354.53	\$ 476,321.16	\$ 476,321.16	\$ 814,660.15	\$ 1,039,716.15	\$ 1,039,716.15	\$ 1,039,716.15	\$ 1,039,716.15	\$ 1,039,716.15	\$ 7,198,512.35
<b>Lehi City</b>		\$ 47,319.60	\$ 61,879.27	\$ 113,645.23	\$ 113,645.23	\$ 194,369.36	\$ 248,065.36	\$ 248,065.36	\$ 248,065.36	\$ 248,065.36	\$ 248,065.36	\$ 1,717,489.51
<b>Water Conservancy Dist</b>		\$ 27,297.60	\$ 35,696.74	\$ 65,559.35	\$ 65,559.35	\$ 112,127.26	\$ 143,103.26	\$ 143,103.26	\$ 143,103.26	\$ 143,103.26	\$ 143,103.26	\$ 990,780.60
<b>Total Taxes</b>		\$ 293,590.20	\$ 383,924.35	\$ 705,101.61	\$ 705,101.61	\$ 1,205,947.22	\$ 1,539,099.22	\$ 1,539,099.22	\$ 1,539,099.22	\$ 1,539,099.22	\$ 1,539,099.22	\$ 10,656,009.11
<b>Property Tax Participation Rate by Taxing Entity</b>		2018	2019	2020	2021	2022	2027	2032	2037			
<b>Utah County</b>		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
<b>Alpine School Dist</b>		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
<b>Lehi City</b>		50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%			
<b>Water Conservancy Dist</b>		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
<b>Property Tax Increment for Budget</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Utah County</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Alpine School Dist</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Lehi City</b>		\$ 23,659.80	\$ 30,939.63	\$ 56,822.62	\$ 56,822.62	\$ 97,184.68	\$ 124,032.68	\$ 124,032.68	\$ 124,032.68	\$ 124,032.68	\$ 124,032.68	\$ 2,099,071.57
<b>Water Conservancy Dist</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Increment Taxes for the Budget</b>		\$ 23,659.80	\$ 30,939.63	\$ 56,822.62	\$ 56,822.62	\$ 97,184.68	\$ 124,032.68	\$ 124,032.68	\$ 124,032.68	\$ 124,032.68	\$ 124,032.68	\$ 2,099,071.57
		\$ 23,659.80	\$ 54,599.43	\$ 111,422.05	\$ 168,244.67	\$ 265,429.35	\$ 858,744.76	\$ 1,478,908.16	\$ 2,099,071.57			
<b>Sales and Use Tax</b>		\$ 12,500.00	\$ 62,500.00	\$ 140,125.00	\$ 172,860.25	\$ 225,120.38	\$ 318,517.14	\$ 318,517.14	\$ 318,517.14	\$ 318,517.14	\$ 318,517.14	\$ 5,267,549.13
<b>Total Property and Sales Tax for Budget</b>		\$ 36,159.80	\$ 93,439.63	\$ 196,947.62	\$ 229,682.87	\$ 322,305.06	\$ 442,549.82	\$ 442,549.82	\$ 442,549.82	\$ 442,549.82	\$ 442,549.82	\$ 7,366,620.70
<b>Year Over Year Total</b>		\$ 36,159.80	\$ 129,599.43	\$ 326,547.05	\$ 556,229.92	\$ 878,534.98	\$ 2,941,122.45	\$ 5,153,871.57	\$ 7,366,620.70	\$ 14,733,241.40		
<b>Use of Funds Breakdown</b>												
<b>Infrastructure Improvements</b>		83%	\$ 34,351.81	\$ 79,423.69	\$ 167,405.47	\$ 195,230.44	\$ 273,959.30	\$ 376,167.35	\$ 376,167.35	\$ 376,167.35	\$ 376,167.35	\$ 6,265,243.57
<b>Administration Fee</b>		5%	\$ 2,365.98	\$ 4,671.98	\$ 9,847.38	\$ 11,494.14	\$ 16,115.25	\$ 22,127.49	\$ 22,127.49	\$ 22,127.49	\$ 22,127.49	\$ 368,889.02
<b>CRA Housing 10%</b>		10%	\$ -	\$ -	\$ 19,694.76	\$ 22,968.29	\$ 32,330.51	\$ 44,254.98	\$ 44,254.98	\$ 44,254.98	\$ 44,254.98	\$ 723,702.13
<b>Year Over Year Infrastructure</b>		\$ 34,351.81	\$ 113,775.50	\$ 281,180.97	\$ 476,411.41	\$ 750,370.71	\$ 2,503,570.06	\$ 4,394,406.82	\$ 6,265,243.57			



## EXHIBIT A – Detailed Financial Projections – Continued

Utah County		\$	20,642.40	\$	26,999.82	\$	49,575.87	\$	49,575.87	\$	84,790.45	\$	108,214.45	\$	108,214.45	\$	108,214.45	\$	108,214.45	\$	108,214.45	\$	1,891,371.14
Alpine School Dist		\$	198,330.60	\$	259,354.53	\$	476,321.16	\$	476,321.16	\$	814,660.15	\$	1,039,716.15	\$	1,039,716.15	\$	1,039,716.15	\$	1,039,716.15	\$	1,039,716.15	\$	17,595,673.84
Lehi City		\$	23,659.80	\$	30,939.63	\$	56,822.62	\$	56,822.62	\$	97,184.68	\$	124,032.68	\$	124,032.68	\$	124,032.68	\$	124,032.68	\$	124,032.68	\$	2,099,071.57
Water Conservancy Dist		\$	27,297.60	\$	35,696.74	\$	65,559.35	\$	65,559.35	\$	112,127.26	\$	143,103.26	\$	143,103.26	\$	143,103.26	\$	143,103.26	\$	143,103.26	\$	2,421,813.21
Total remaining Taxes for the Taxing Entities		\$	269,930.40	\$	352,984.72	\$	648,279.00	\$	648,279.00	\$	1,108,792.54	\$	1,415,066.54	\$	1,415,066.54	\$	1,415,066.54	\$	1,415,066.54	\$	1,415,066.54	\$	23,947,929.76
Total Overall Budget		\$	723,702.13																				
CRA Housing 10%		\$	368,889.02																				
Administration Fee 5%		\$	4,927,299.00																				
Development Incentive		\$	6,019,990.15																				
Total Increment Value Generated for Taxing Entities																							
Taxing Entity	Length	Percentage	Total																				
Utah County	20 Years	100%	\$ 1,891,371.14																				
Alpine School Dist	20 Years	100%	\$ 17,595,673.84																				
Lehi City	20 Years	50%	\$ 2,099,071.57																				
Water Conservancy Dist	20 Years	100%	\$ 2,421,813.21																				
Total Taxes			\$ 23,947,929.76																				
Property Tax Increment for Budget																							
Utah County		\$	-																				
Alpine School Dist		\$	-																				
Lehi City		\$	2,099,071.57																				
Water Conservancy Dist		\$	-																				
Total Increment Taxes for the Budget		\$	2,099,071.57																				
Sales and Use Tax Increment for Budget																							
Lehi City		\$	5,267,549.13																				
Total Increment Taxes for Budget		\$	5,267,549.13																				
Total Increment for Budget																							
Lehi City		\$	7,366,620.70																				
Total Increment Taxes for Budget		\$	7,366,620.70																				
Administrative Costs																							
CRA Housing Requirement at 10%		\$	723,702.13																				
CRA Project Area Administration 5%		\$	368,889.02																				
Total Costs		\$	1,092,591.15																				
Budget Expenses																							
Ashlon Blvd Road Work		\$	2,000,000.00																				
Right of Way Purchase		\$	606,000.00																				
Garff Incentive		\$	750,000.00																				
Stack Development		\$	1,571,299.00																				
Total		\$	4,927,299.00																				

