

RESOLUTION NO. 2-2013

**RESOLUTION OF THE REDEVELOPMENT AGENCY OF EAGLE MOUNTAIN CITY
ADOPTING THE PROJECT AREA BUDGET FOR THE PARKSIDE COMMUNITY
DEVELOPMENT PROJECT AREA**

WHEREAS, the Redevelopment Agency of Eagle Mountain City (the "Agency") has adopted by Resolution the Community Development Plan (the "Plan") for the Parkside Community Development Project (the "Project Area"); and

WHEREAS, the Plan allows for the Redevelopment Agency to collect tax increment created within the Project Area to assist in the creation of jobs to meet other goals and objectives to promote economic development, and provide public benefit within Eagle Mountain City; and

WHEREAS, the Redevelopment Agency has prepared a Project Area Budget in accordance with section 17C-4-204 of the Community Development and Renewal Act (the "Act") as amended.

**NOW, THEREFORE BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF
EAGLE MOUNTAIN CITY THAT:**

1. The Project Area Budget attached hereto and incorporated herein be approved and adopted on the 18th day of June, 2013
2. The Agency staff will include in the November 1st report, the taking of tax increment from the Parkside Community Development Project Area beginning with the tax year before the Agency request funding.
3. The Agency staff is authorized to begin to negotiate with the taxing entities that levy a certified rate in the Project Area, to participate with the Agency in the implementation and funding of the Budget in accordance with Sections 17C-4-201, 202, and 203 of the Act.


Chair, Redevelopment Agency of
Eagle Mountain



Attest





EAGLE MOUNTAIN PARKSIDE COMMUNITY DEVELOPMENT PROJECT AREA ("CDA")

DRAFT PROJECT AREA BUDGET

EAGLE MOUNTAIN CITY REDEVELOPMENT AGENCY

DATED: MAY 7, 2013

PREPARED BY:
LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.



TABLE OF CONTENTS

INTRODUCTION 3

SECTION 1: DESCRIPTION OF COMMUNITY DEVELOPMENT PROJECT AREA 3

SECTION 2: PROJECT AREA BUDGET 4

 BASE YEAR VALUE 4

 PAYMENT TRIGGER 4

 PROJECTED TAX INCREMENT REVENUE – TOTAL GENERATION 4

 PROPERTY TAX 4

 SALES TAX 4

 OTHER TAX REVENUES 5

 PROJECTED TAX INCREMENT REVENUE – TOTAL TO IMPLEMENT PROJECT AREA PLAN 5

 PROJECTED TAX INCREMENT REVENUE – TOTAL SHARED WITH OTHER ENTITIES 6

 PROPERTY TAX REVENUE – CURRENT REVENUE FROM BASE YEAR 6

APPENDIX A: MAP, SITE PLAN AND LEGAL DESCRIPTION 7

APPENDIX B: MULTI-YEAR BUDGET 9

INTRODUCTION

The Eagle Mountain City Redevelopment Agency, Utah (the "Agency"), following thorough consideration of the needs and desires of Eagle Mountain City (the "City") and its residents, as well as the City's capacity for new development, has carefully crafted this draft Project Area Plan (the "Plan") for the Eagle Mountain Parkside Community Development Project Area (the "Project Area"). This Plan is the end result of a comprehensive evaluation of the types of appropriate land-uses and economic development for the land encompassed by the Project Area which is located north of Pony Express Parkway approximately 0.50 miles east of Ranches Parkway. 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 that it is in the best interest of its citizens to assist in the development of the Project Area. It is the purpose of this Plan to clearly set forth the aims and objectives of this development, its scope, its mechanism, and its value to the residents of the City and other taxing districts.

The Project is being undertaken as a community development project pursuant to certain provisions of Chapters 1 and 4 of the Utah Community Development and Renewal Agencies Act (the "Act", Utah Code Annotated ("UCA") Title 17C). The requirements of the Act, including notice and hearing obligations, have been scrupulously observed at all times throughout the establishment of the Project Area.

SECTION 1: DESCRIPTION OF COMMUNITY DEVELOPMENT PROJECT AREA

The Project Area lies entirely within the boundaries of the City and is located on the northeastern portion of City approximately 0.50 miles east of Ranches Parkway on the north

Table 1: Property Description

Owner	Parcel ID	Acres
Ridley's Family Markets	58:034:0485	5.66
Pony Express Land Development Inc	58:034:0486	14.47
Public Land		.02
Total		20.13

of Pony Express Parkway. This area has significant vehicle traffic on a daily basis which creates both opportunity and increased service demand. The Project Area encompasses approximately 20.15 acres of commercial property in the 144.84 acre Parkside project.

As delineated in the office of the Utah County Recorder, the Project Area encompasses all or portions of the parcels detailed in TABLE 1: PROPERTY DESCRIPTION.

A map, site plan and legal description of the Project Area are attached hereto in APPENDIX A.

SECTION 2: PROJECT AREA BUDGET

The purpose of the Project Area Budget is to provide the financial framework necessary to implement the Project Area Plan. 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 Budget will be the total taxable value (including real and personal property) for the 2012 tax year which is estimated to be \$302,100. Using the 2012 tax rates established within the Project Area the property taxes levied would equate to \$24,786; however, because these parcels are in greenbelt classification, the actual tax collections for 2010 were \$43.74. Thus when the property is rezoned, all taxing entities will experience an immediate increase in revenue.

PAYMENT TRIGGER

This Budget will have a ten year (10) duration. 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. In no case will the Agency trigger increment collection after March 1, 2015.

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 development will begin in the Project Area in 2013. The contemplated development will generate significant additional property and sales and use tax above what is currently generated within the Project Area.

PROPERTY TAX

Property tax increment will begin to be generated in the tax year (ending Dec 31) 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 could begin as early as 2014 or as late as 2015. It is currently estimated that during the first fifteen years of this project, Property Tax Increment could be generated within the Project Area in the approximate amount of \$9.94 million or \$6.19 million NPV¹. This amount is over and above the \$24,786 annually that the property will generate when rezoned.

SALES TAX

Sales tax increment will flow more quickly to the agency as sales tax is generated as soon as a business begins making sales. In addition, the tax is paid either monthly or quarterly to the City, County, and State. It is estimated that sales tax increment would begin flowing to the City, County, and State as early as 2014 and as late as 2015. The estimated sales tax increment generated within the project² for the first 15 years to the City, County and State is approximately \$14.7 million or \$9.6 million NPV¹.

¹ NET PRESENT VALUE OF FUTURE CASH FLOWS ASSUMING A 5% DISCOUNT RATE.

² INCLUDES ONLY THE ESTIMATED NEW SALES TO THE CITY, COUNTY, AND STATE, RESPECTIVELY

OTHER TAX REVENUES

The development of the Project will also generate Franchise tax to the City in the approximate amount of \$1.02 million over the first 15-years.

Table 2: Total Incremental Tax Generation

Entity	Incremental Revenues				Total Incremental Revenues
	Property Tax	Sales Tax	Franchise Taxes	Income & Corporate Tax	
Utah County	\$1,123,352	\$3,782,779	\$-		\$4,906,131
Alpine School District	7,135,976	-	-		\$7,135,976
Eagle Mountain City	1,310,867	7,333,959	1,016,996		\$9,661,822
Central Utah Water Con District	365,480	-	-		\$365,480
State of Utah	-	3,628,380	-	-	\$3,628,380
Totals:	\$9,935,674	\$14,745,118	\$1,016,996		\$25,697,788

PROJECTED TAX INCREMENT REVENUE – TOTAL TO IMPLEMENT PROJECT AREA PLAN

The Agency will utilize approximately \$549,271 or \$414,515 NPV³ in incremental property taxes ("Tax Increment") to implement the Project Area Plan. The majority of this increment will be used to provide a development incentive to the anchor grocer tenant. Approximately 5% will be used to offset the administration costs of the Agency.

Table 3: Uses of Tax Increment

USES	AMOUNT
DEVELOPMENT INCENTIVE	\$ 500,000
CDA ADMINISTRATION @ 5%	49,271
TOTAL USES OF TAX INCREMENT FUNDS	\$ 549,271

All taxing entities that receive property tax generated within the Project Area, as detailed above, will share a portion of that increment generation with the Agency. The City and County will contribute property tax increment for a 10 year period unless the developer incentive cap of \$500,000 is paid prior to the 10 year period, then the obligation is satisfied and no additional increment will flow through to the Agency. The City, County and the State will **not** contribute any portion of their incremental sales tax to implement the Project Area Plan.

Table 4: Sources of Tax Increment Funds

ENTITY	PERCENTAGE	LENGTH	AMOUNT (ESTIMATED) ⁴
UTAH COUNTY	YEAR 1 – 3: 50%	10 YEARS	\$ 186,910
	YEAR 4: 40%		
	YEAR 5: 30%		
	YEAR 6 – 9: 25%		
	YEAR 10: 2%		
EAGLE MOUNTAIN CITY	100%	10 YEARS	\$ 798,502
TOTAL SOURCES OF TAX INCREMENT FUNDS			\$ 985,412

³ NET PRESENT VALUE OF FUTURE CASH FLOWS ASSUMING A 5% DISCOUNT RATE.

⁴ THIS IS THE ESTIMATED AMOUNT OF TAX INCREMENT THAT WILL BE GENERATED IN A 10 YEAR PERIOD. IF THE CAPPED AMOUNT OF \$500,000 IS REACHED BEFORE THE 10 YEARS THE OBLIGATION IS SATISFIED.

PROJECTED TAX INCREMENT REVENUE – TOTAL SHARED WITH OTHER ENTITIES

The County, Alpine School District, and Central Utah Water Conservancy District will receive all or a major portion of their property tax from this development as delineated in Table 5 below. All taxing entities will receive 100% of their property tax increment generated within the Project Area after the 10-year Project Area ends and thereafter. The City, County and the State will retain their entire portion of incremental sales tax. The projections below are over the first 15-year period of the project.

Table 5: Retained Property and Sales Tax Increment

ENTITY	PROPERTY TAX	SALES TAX	TOTAL TAX
Utah County	\$ 936,442	\$ 3,782,779	\$ 4,719,221
Alpine School District	7,135,976	-	7,135,976
Eagle Mountain City	512,364	7,333,959	7,846,323
Central Utah Water Conservancy District	365,480	-	365,480
State of Utah (<i>new incremental revenues only</i>)	-	3,628,380	3,628,380
TOTAL REVENUE	\$ 8,950,262	\$ 14,745,118	\$ 23,695,380

A multi-year projection of tax increment along with development assumptions is including in APPENDIX B.

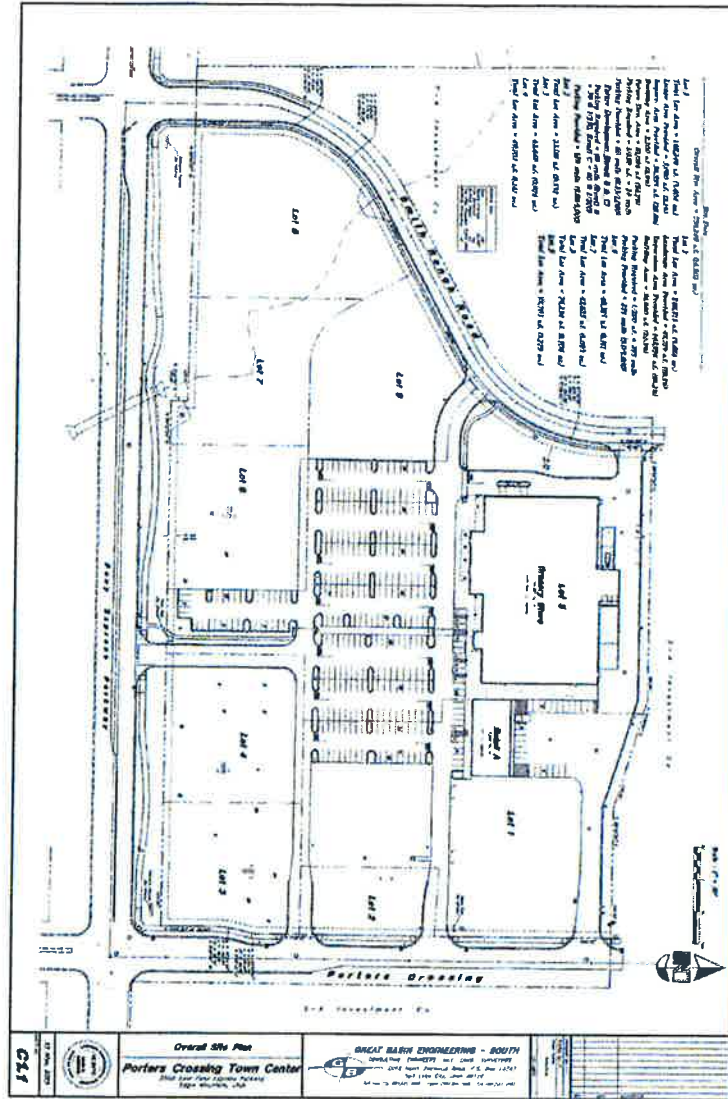
PROPERTY TAX REVENUE – CURRENT REVENUE FROM BASE YEAR

The taxing entities are currently receiving a small amount (\$43.74) of property tax revenue from the current assessed value due to the green belt classification of the property. However, when the property is rezoned, the taxing entities will receive an immediate increase in property tax revenue. The following table outlines the estimated property tax revenue to each taxing entity over the first 15 years of the project.

Table 6: Total Base Year and Property Tax Increment to Taxing Entities

ENTITY	BASE YEAR PROPERTY TAX (AFTER REZONE)	INCREMENTAL PROPERTY TAX (FLOW THROUGH)	TOTAL TO TAXING ENTITIES
Utah County	\$ 42,036	\$ 936,442	\$ 978,478
Alpine School District	267,031	7,135,976	7,403,007
Eagle Mountain City	49,053	512,364	561,417
Central Utah Water Conservancy District	13,676	365,480	379,156
TOTAL REVENUE	\$ 371,797	\$ 8,950,262	\$ 9,322,058

APPENDIX A: MAP, SITE PLAN AND LEGAL DESCRIPTION





THE FOLLOWING DESCRIBED REAL PROPERTY IS LOCATED IN UTAH COUNTY, UTAH:

A PART OF THE SOUTHEAST QUARTER OF SECTION 20 AND THE SOUTHWEST QUARTER OF SECTION 21,
TOWNSHIP 5 SOUTH, RANGE 1 WEST, SALT LAKE BASE AND MERIDIAN, U.S. SURVEY IN EAGLE MOUNTAIN CITY,
UTAH COUNTY, UTAH:

BEGINNING AT A POINT ON THE NORTH LINE OF PONY EXPRESS PARKWAY LOCATED 66.00 FEET NORTH
0°11'38" EAST ALONG THE SECTION LINE; AND 0.50 FEET NORTH 89°03'07" WEST ALONG SAID NORTH LINE
FROM THE SOUTHEAST CORNER OF SAID SECTION 20; AND RUNNING THENCE ALONG SAID NORTH LINE OF
PONY EXPRESS PARKWAY THE FOLLOWING THREE COURSES: NORTH 89°03'07" WEST 907.86 FEET ALONG A
LINE PARALLEL TO THE SECTION LINE; NORTH 3°43'05" EAST 60.01 FEET; AND NORTH 89°03'07" WEST 497.71
FEET ALONG A LINE PARALLEL TO THE SECTION LINE; THENCE NORTH 0°56'53" EAST 63.85 FEET TO A POINT
OF CURVATURE; THENCE NORTHEASTERLY ALONG THE ARC OF A 200.00 FOOT RADIUS CURVE TO THE RIGHT A
DISTANCE OF 71.68 FEET (CENTRAL ANGLE EQUALS 20°32'08" AND LONG CHORD BEARS NORTH 11°12'57"
EAST 71.20 FEET) TO A POINT OF TANGENCY; THENCE NORTH 21°29'01" EAST 49.56 FEET TO A POINT OF
CURVATURE; THENCE NORTHEASTERLY ALONG AN ARC OF A 300.50 FOOT RADIUS CURVE TO THE RIGHT A
DISTANCE OF 211.65 FEET (CENTRAL ANGLE EQUALS 40°21'21" AND LONG CHORD BEARS NORTH 41°39'41"
EAST 207.31 FEET) TO A POINT OF TANGENCY; THENCE NORTH 61°50'21" EAST 260.35 FEET TO A POINT OF
CURVATURE; THENCE NORTHEASTERLY ALONG AN ARC OF A 224.50 FOOT RADIUS CURVE TO THE LEFT A
DISTANCE OF 240.58 FEET (CENTRAL ANGLE EQUALS 61°23'55" AND LONG CHORD BEARS NORTH 31°08'24"
EAST 229.23 FEET) TO A POINT OF TANGENCY; THENCE NORTH 0°26'26" EAST 62.00 FEET; THENCE SOUTH
89°33'34" EAST 440.84 FEET; THENCE SOUTH 72°39'57" EAST 174.35 FEET; THENCE SOUTH 89°33'34" EAST
280.50 FEET; THENCE SOUTH 0°26'26" WEST 741.51 FEET TO THE POINT OF BEGINNING.

CONTAINS 877,650 SQ. FT.
OR 20.148 ACRES
9 LOTS

APPENDIX B: MULTI-YEAR BUDGET

EAGLE MOUNTAIN CITY

City Center - Grocer Project
Summary of CDA

Appendix A.2: Multi-Year Tax Incremental Budget (Project Area Forecast)

Payment Year	2014-2025												TOTALS	NPV		
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025			2026	2027
INCREMENTAL PROPERTY TAX ANALYSIS:																
Cumulative Taxable Value	-	9,393,659	18,309,440	36,237,546	57,191,696	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834
Phase 1	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100
Value of Current Property	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100	302,100
Total Assessed Value:	3,457,553	9,655,759	18,111,540	36,539,646	57,493,796	68,164,934	68,164,934	68,164,934	68,164,934	68,164,934	68,164,934	68,164,934	68,164,934	68,164,934	68,164,934	68,164,934
LESS BASE YEAR VALUE (2011):	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INCREMENTAL VALUE:	-	9,393,659	18,899,440	36,237,546	57,191,696	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834	67,862,834
TAX RATE & INCREMENT ANALYSIS:																
Utah County	-	12,155	24,339	46,891	74,006	87,815	87,815	87,815	87,815	87,815	87,815	87,815	87,815	87,815	87,815	87,815
Alpine School District	-	77,216	154,514	297,873	470,116	557,832	557,832	557,832	557,832	557,832	557,832	557,832	557,832	557,832	557,832	557,832
Eagle Mountain City	-	14,184	28,402	54,719	86,359	102,473	102,473	102,473	102,473	102,473	102,473	102,473	102,473	102,473	102,473	102,473
Central Utah Water Conservancy District	-	3,955	7,919	15,256	24,078	28,570	28,570	28,570	28,570	28,570	28,570	28,570	28,570	28,570	28,570	28,570
Total:	-	107,511	215,274	414,739	654,559	776,690	776,690	776,690	776,690	776,690	776,690	776,690	776,690	776,690	776,690	776,690
TOTAL INCREMENTAL REVENUE WITHIN CDA:	-	107,511	215,274	414,739	654,559	776,690	776,690	776,690	776,690	776,690	776,690	776,690	776,690	776,690	776,690	776,690
CDA PROJECT AREA BUDGET																
Sources of Funds:																
Property Tax Percentage Rate for Budget																
Utah County	0%	50%	50%	50%	40%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Alpine School District	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Eagle Mountain City	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Central Utah Water Conservancy District	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Property Tax Assessment for Budget																
Utah County	-	6,078	12,170	23,446	29,602	26,344	21,954	21,954	21,954	21,954	21,954	21,954	21,954	21,954	21,954	21,954
Alpine School District	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Eagle Mountain City	-	14,184	28,402	54,719	86,359	102,473	102,473	102,473	102,473	102,473	102,473	102,473	102,473	102,473	102,473	102,473
Central Utah Water Conservancy District	-	20,282	40,572	78,164	115,962	128,817	124,427	124,427	124,427	124,427	124,427	124,427	124,427	124,427	124,427	124,427
Total Property Tax Increment for Budget:	-	20,282	40,572	78,164	115,962	128,817	124,427	124,427	124,427	124,427	124,427	124,427	124,427	124,427	124,427	124,427
Uses of Tax Increment Funds:																
Developer Incentive Fund (Major Retailer TIF Agreement)	95%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
CDA Administration	5%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Public Infrastructure within CDA (Roads, Utilities, etc)	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Projects	0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Uses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Uses of Tax Increment Funds:																
Developer Incentive Fund (Major Retailer TIF Agreement)	-	19,249	38,543	74,256	110,164	122,376	118,205	118,205	118,205	118,205	118,205	118,205	118,205	118,205	118,205	118,205
CDA Administration	-	1,013	2,029	3,908	5,798	6,441	6,221	6,221	6,221	6,221	6,221	6,221	6,221	6,221	6,221	6,221
Public Infrastructure within CDA (Roads, Utilities, etc)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Uses	-	20,262	40,572	78,164	115,962	128,817	124,427	124,427	124,427	124,427	124,427	124,427	124,427	124,427	124,427	124,427
REMAINING PROPERTY TAX INCREMENTAL REVENUES FOR TAXING ENTITIES																
Utah County	-	6,078	12,170	23,446	29,602	26,344	21,954	21,954	21,954	21,954	21,954	21,954	21,954	21,954	21,954	21,954
Alpine School District	-	77,216	154,514	297,873	470,116	557,832	557,832	557,832	557,832	557,832	557,832	557,832	557,832	557,832	557,832	557,832
Eagle Mountain City	-	3,955	7,919	15,256	24,078	28,570	28,570	28,570	28,570	28,570	28,570	28,570	28,570	28,570	28,570	28,570
Central Utah Water Conservancy District	-	87,249	174,502	336,574	538,597	647,873	652,284	652,284	652,284	652,284	652,284	652,284	652,284	652,284	652,284	652,284
Total	-	87,249	174,502	336,574	538,597	647,873	652,284	652,284	652,284	652,284	652,284	652,284	652,284	652,284	652,284	652,284
Assumptions																
Discount Rate	5.0%															
Inflation Rate	3.0%															
Sales Tax Rate	0.5%															
Assessed Value Adjustment	90.0%															