

RESOLUTION NO. 2020-11RDA

A RESOLUTION APPROVING AND ADOPTING THE MAIN STREET COMMUNITY DEVELOPMENT AREA BUDGET

WHEREAS, the Redevelopment Agency of Midvale City (the “Agency”) was created to transact the business and exercise the powers provided for in the Utah Redevelopment Agencies Act;

WHEREAS, the Main Street Community Development Area (“CDA” or “Area”) contains tremendous redevelopment opportunity and potential to be developed into a cultural heart for the City;

WHEREAS, the Agency created and adopted the Main Street Community Development Area Plan on November 15, 2015, and has since supported the creation of the Small Area Plan;

WHEREAS, the original budget was never approved by the taxing entities, and interlocal agreements between the taxing entities and the Agency were never entered into;

WHEREAS, the Agency has recently revised the budget and conducted a study looking at the fiscal, economic, and community impacts redevelopment would have on the Area, City, and other taxing entities.

This Resolution shall become effective immediately upon passage thereof.

NOW THEREFORE BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF MIDVALE CITY, that the Board of Directors does hereby approve and adopt the Main Street Community Development Area Budget, dated August 2020, as the official project area budget for the Main Street CDA.

PASSED AND ADOPTED BY THE REDEVELOPMENT AGENCY OF MIDVALE CITY BOARD OF DIRECTORS, this 6th day of October, 2020.



Robert M. Hale
Chief Administrative Officer

Kane Loader
Executive Director

ATTEST:

Rori L. Andreason, MMC
Secretary

Voting by the Board of "Aye"

"Nay"

Directors:

Bryant Brown

Paul Glover

Quinn Sperry

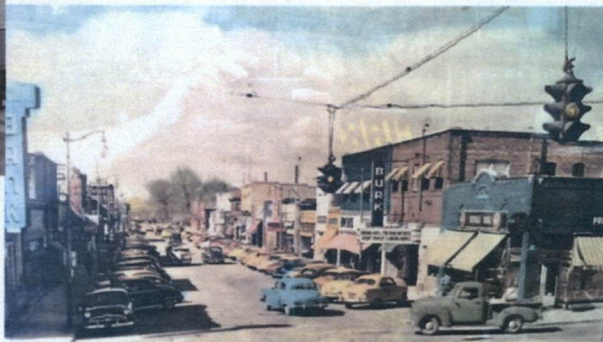
Paul Hunt

Dustin Gettel

Exhibit A: Main Street Community Development Area Budget

Midvale Redevelopment Agency Main Street Project Area

Revised Budgets
Fiscal Impact
Economic Impact
Community Impact



September 2020



TABLE OF CONTENTS

Section I: Executive Summary.....	3
Section II: Introduction	9
Section III: Main Street Community Development Area Revised Budget.....	11
Section IV: Fiscal Impact Study	16
Section V: Economic Impact Study.....	23
Section VI: Community Impact Study.....	25
Exhibit A: Project Area Maps.....	29
Exhibit B: Main Street Redevelopment Case Studies.....	31
Exhibit C: Project Area Budget	39
Exhibit D: School District Net Benefit Calculation.....	41
Exhibit E: County Net Benefit Calculation	42
Exhibit F: City Net Benefit Calculation.....	43



SECTION I: EXECUTIVE SUMMARY

Midvale City (the “City”) and the Midvale City Redevelopment Agency (the “Agency”) are working on redeveloping the City’s historic Main Street (“Main Street”, “Project Area”, or “Area”). Redeveloping the Area (See **Exhibit A**) will increase the assessed value of the area, provide more space for businesses, benefit the taxing entities financially, create more jobs, increase the stock of affordable and market rate housing, support and enhance the arts, and establish a sense of place that is unique to Midvale City which will develop into a local and regional draw. The additional opportunity to capture new investments in housing, both affordable and market rate will greatly enhance the overall goal of creating a sense of place that is unique and support various forms of enhanced arts and culture to develop both local and regional interest.

INCREASE ASSESSED VALUE

Historic growth patterns illustrate that, without intervention, the City’s Main Street Area is unlikely to redevelop while surrounding areas, like the City and Salt Lake County (the “County”) will continue to grow and flourish. The following table shows the differences in growth rates between the Main Street Area, the City, and the County.

Table 1.1: Main Street Area, City, and County Growth Comparisons

Average Annual Growth Rate	2009 Value	2017 Value	2020 Value	2009-2020	Difference	2017-2020	Difference
Main Street CDA	\$91M	\$75M	\$89M	-0.27%	0.0%	5.6%	0.0%
Midvale City	\$1,447M	\$1,705M	\$2,250M	4.09%	-1605.7%	9.70%	73.6%
Salt Lake County	\$65,785M	\$79,828M	\$102,771M	4.14%	-1623.1%	8.79%	57.3%

Our analysis estimates that with support from the Agency, the Area will increase in taxable value by 192 percent over an eight year buildout period. This increase in taxable value will create additional property tax revenues for the taxing entities, including the County and Canyons School District (the “School District”).

DEVELOPMENT CONTINGENCY

The efforts within the Main Street CDA aimed at increasing density, enabling infill development, and promoting vitality in an area are somewhat different than those common to most redevelopment project areas. Traditionally, a project area is built around one or several significant projects. The budget is based on how much revenue the significant project(s) will generate and what is needed to fill any gap in funding or to make the project(s) feasible. For the Main Street CDA, however, the Agency believes a blended approach will yield the most successful results. In other words, basing a budget on infill development and increased density AND on a specific significant project.



The Agency presents two separate budgets in this document. There is a Primary Budget, which is based off of revenues from increased property tax increment created by infill development and higher density redevelopment. The expenses are incurred to enable and encourage development through initiatives such as supporting parking, infrastructure improvements, tax increment reimbursement agreements, façade improvements, and the arts. The second budget is based on all of the revenue and expense assumptions from the Primary Budget plus revenues and expenses related to a possible single large development project.

There is a path toward a larger scale development of Class-A office space within the Project Area. This will be referred to as the “**Development Contingency**”. Under this development scenario, a developer completes a single project that significantly increases the incremental property tax value of the Area. A significant development means a single commercial development (not residential) with a taxable value of at least \$60,000,000. If the development of a significant structure comes to fruition, the Agency would require a larger amount of tax increment revenues than the \$15,500,000 cap amount established in the Primary Budget. The Contingency Budget will maintain the same level of participation and remittance as the Primary Budget. The only difference is that the Agency’s cap on collected and retained tax increment funds will be set higher, to \$27,000,000.

INCREASE BUSINESS SPACE

The Agency will actively pursue and promote initiatives that will support increasing the density within the Area. One such initiative is supporting parking garages adjacent to Main Street, between 4th/Depot Street and Center Street. Having parking structures that support parking for Main Street businesses will create opportunities that can increase density. First, existing vacant land currently being used for parking will become unnecessary and can be repurposed for supporting additional commercial and mixed-use developments. Utilizing these privately owned parking lots to find strategic public parking solutions would be nearly impossible. Density creates higher land values and overall project area value for all the taxing entities.

Second, single-story structures along Main Street will be more likely to develop more stories to realize additional value from their properties if they were not required to provide parking on site but still had parking available. Many cities with Main Streets like Midvale’s have experienced redevelopment success by constructing parking structures adjacent to their own Main Streets. Brief case studies are provided in **Exhibit B**.

Another initiative to increase density and add additional business space in the Area involves the Agency actively supporting businesses’ efforts to renovate their buildings and add additional square footage. Through these efforts and other efforts, the Agency anticipates a 25 percent increase in commercial space within the Area.

Under the Development Contingency, the Agency would support the development of Class-A office space by supporting a parking structure adjacent to the office building. Some of the parking stalls in the parking structure would be designated for public parking. This would support businesses along Main Street and increase the vitality of the Area.



BENEFIT TAXING ENTITIES

Supporting the redevelopment of the Main Street Area will provide a net fiscal benefit to the taxing entities, including the School District, County, and City. The following table summarizes the net fiscal benefit to the taxing entities under the two different budgets (Primary and Contingency).

**Table 1.2: Net Benefit to SD, County, and City (Primary Budget)**

Taxing Entity	Property Tax Revenues from Area TY2019	Average Annual Net Benefit During Participation	Total Net Benefit Over 20 Years	Net Present Value Over 20 Years	Net Benefit in Year 21
Canyons School District	\$412,539	\$261,727	\$4,290,210	\$2,882,891	\$784,068
Salt Lake County	113,611	72,078	883,829	598,284	179,080
Midvale City	65,063	41,278	518,148	350,522	103,402
Total	\$591,214	\$375,084	\$5,692,187	\$3,831,697	\$1,066,550

Table 1.3: Net Benefit to SD, County, and City (Contingency Budget)

Taxing Entity	Property Tax Revenues from Area TY2019	Average Annual Net Benefit During Participation	Total Net Benefit Over 20 Years	Net Present Value Over 20 Years	Net Benefit in Year 21
Canyons School District	\$412,539	\$413,289	\$8,265,771	\$5,708,006	\$1,281,014
Salt Lake County	113,611	98,934	1,978,681	1,376,307	315,936
Midvale City	65,063	57,258	1,145,152	796,084	181,778
Total	\$591,214	\$569,480	\$11,389,605	\$7,880,396	\$1,778,727

CREATE MORE JOBS

The Project Area budgeting model projects an additional 25 percent commercial space created through redevelopment (Primary Budget). This additional commercial space is anticipated to increase the number of jobs directly in the Area by 92 (Primary Budget). Some of these jobs will be in the commercial retail sales and service sectors, including food and beverage sales and services, clothing and other consumer goods sales, and providers of personal services. The additional commercial space is further projected to induce the creation of an additional 203 jobs. These jobs will be created indirectly to support the additional business activities and the additional consumer demands generated by the additional employees.

Under the Contingency Budget, the Agency anticipates an additional 1,092 jobs directly created. These additional jobs will induce the creation of an additional 2,406 jobs. In total, therefore, 3,498 additional jobs will be created.

INCREASE AFFORDABLE HOUSING

The Agency has and will continue to generate significant tax increment revenues earmarked for affordable housing. Unlike most revenues generated within a project area, revenues earmarked for affordable housing may be used anywhere within the City to promote and increase the development of affordable housing. The Agency believes that the Main Street Area would benefit from redevelopment efforts targeted to support affordable housing. Note that the Agency has recently supported multi-family mixed-income housing in the nearby Bingham Junction Project Area. This development has not had a significant impact on the school district as it has generally attracted many millennials and households without children.

The Agency plans to use housing funds from the Main Street CDA and the other two redevelopment areas to directly incentivize the development of mixed-use space along Main Street. Buildings that currently support commercial uses will receive financial support to add an additional story if they dedicate it to a residential use that will serve households making roughly



80, 50, and/or 30 percent of the average median income of the area. Housing funds will also be used to incentivize mixed-use multi-story infill development. The Agency estimates that this initiative will result in an additional 70 affordable housing units.

Under the assumptions of the Contingency Budget, the Agency would earmark 20 percent of the additional tax increment revenue for affordable housing. This will result in an additional \$2.3 million dedicated to affordable housing or an increase of 76 percent in housing funds generated within the Project Area. This could result in more affordable housing units within the Area or fewer housing funds required from the other project areas.

SUPPORT & ENHANCE ARTS

To create a more vibrant, attractive, and welcoming environment along Main Street, the Agency will actively support the development and enhancement of local artists and art. To accomplish this, the Agency plans to repurpose the Midvale Museum site (7697 S Main Street) to serve as an arts center. Artists from the area will be able to work, network, sell, and display their art at the location as well as interact with the public on the creation of their art.

Some arts programs have already been established along Main Street, including the Midvale Main Street Theatre, the Midvale Performing Arts Center, and the Academia de Danza. The arts incubator could support these organizations by providing space to design and create sets.

ESTABLISH SENSE OF PLACE

The Agency's primary motivation for redeveloping the Main Street Area is to support placemaking efforts within the City. This means preserving, enhancing, and celebrating the historic nature of Midvale's Main Street. It means creating an environment that attracts people to gather, recreate, shop, dine, and build lasting memories.

Although Midvale is "In the Middle of Everything", more can be done to distinguish Midvale from its neighboring cities and all other cities in Utah. For the Agency, the highest level of development is achieved when Midvale City residents, those employed within the City, and visitors alike associate Midvale City with certain positive characteristics and features that are prominent, unique, and found throughout the City.

This document outlines several different initiatives and goals related to redeveloping the Main Street Area, including supporting the arts, housing, parking, and commercial development. The Agency will work on each of these development categories with placemaking as the ultimate end goal.

For example, the Agency will cultivate a sense of place for the Main Street Area and City by promoting and supporting façade improvements. The improvements will tie Main Street together with a good balance of unity, variety, and an enhanced streetscape. The consistency throughout the Area will enhance the sense of place. The Agency will also sponsor and support events and improve connectivity to and throughout the Area. See below for an example from the City's Small Area Plan of improvements made to building facades, landscapes, and connectivity.



Midblock walkway, existing conditions, 2018



Midblock walkway, future vision



SECTION II: INTRODUCTION

Midvale City has a unique and historic Main Street. Because very few cities in Utah still have a historic Main Street corridor, Midvale City is seeking to improve and leverage this asset. One goal, as stated in the Midvale Main Street Small Area Plan, is to redevelop Main Street in such a way as to create a sense of place for the City. The Midvale Redevelopment Agency believes that it can support the City develop a stronger and more defined sense of place through redeveloping the historic Main Street.

Creating a redevelopment area and leveraging tax increment are commonly used and effective tools for redevelopment. The Bingham Junction Redevelopment Area (650 acres) has been a key component in transforming the former slag site for Sharon Steel into a productive and beautified area of the City which hosts the business headquarters for Overstock, CHG, and Savage. The area now holds over 50 businesses and employs over 2,500 people.

The Agency and City believe that, with the support of the local taxing entities, the Main Street Area can be redeveloped to increase the assessed value of the area, provide more spaces for businesses, benefit the taxing entities, create more jobs, increase the stock of affordable housing, support and enhance the arts, and establish a sense of place that is unique to Midvale City.

The City and Agency have already made some significant strides towards redeveloping the Main Street Area. First, in November of 2015, the Agency adopted the Main Street Community Development Project Area (the “Main Street CDA” or “CDA”) Plan. Second, in December of 2018, the City adopted the Midvale Main Street Small Area Plan. Third, in February of 2020, the City Council adopted a form-based code for the area which implements the vision and reflects the goals and objectives of the Main Street Small Area Plan. This fourth element, the revised project area budget and fiscal, economic, and community impact study is intended to provide local taxing entities and stakeholders with answers to vital questions prior to entering into interlocal agreements with the Agency.

The four main components of this document are the:

1. Main Street Community Development Area Revised Budget (the “Budget”),
2. Fiscal Impact Study (tax revenues, net benefits, additional commercial space),
3. Economic Impact Study (additional jobs, economic multipliers), and
4. Community Impact Study (housing, arts, and sense of place).

CATCH THE VISION

The old adage that, “The whole is greater than the sum of its parts” absolutely applies to the Main Street Development. Although the sum of all the individual redevelopment efforts will be considerable, combined, the whole redeveloped Main Street Area will be greater because it will strongly establish a sense of place.

The following two images, pulled from the Small Area Plan, illustrate the impact redevelopment efforts will have on the area.



Although the planting is in poor shape, the Main Street streetscape design helps to identify the midblock crossing between Center Street and 1st Avenue.



Extending the Main Street streetscape improvements northward along the entire length of Main Street will improve the urban environment.



SECTION III: MAIN STREET COMMUNITY DEVELOPMENT AREA REVISED BUDGET

According to the section of state code that governs redevelopment agencies, a project area budget is not required for a community development area (17C-4-204). Good governance and planning, however, dictate that the Agency prepare and adopt a project area budget that forecasts what level of tax increment revenues the Agency can expect and guide how those revenues are programmed and spent. The following information meets the requirements established in 17C-5-303 for a Community Reinvestment Area's budget. A detailed budget is provided in **Exhibit C**.

(1)(A) BASE TAXABLE VALUE

The Budget uses the Tax Year 2020 value of \$58,774,598.

(1)(B) PROJECTED AMOUNT OF TAX INCREMENT TO BE GENERATED WITHIN THE COMMUNITY REINVESTMENT PROJECT AREA

The Project Area is estimated to generate \$112,995,132 of incremental value over an eight-year buildout period (Primary Budget). Using the Tax Year 2019 tax rates, the incremental value will generate a total of \$25,404,583 in tax increment.

Under the Contingency Budget, the significant project is in place at Year 1, adding \$70,000,000 of incremental property tax value to the Area. The Project Area is estimated to generate an additional \$112,995,132 of incremental value over an eight-year buildout period. Using the Tax Year 2019 tax rates, the incremental value will generate a total of \$44,698,999 in tax increment.

(1)(C) PROJECT AREA FUNDS COLLECTION PERIOD

The collection period is budgeted to be 20 years. The Agency will trigger the project area for collection no later than June 30, 2024.

(1)(D) PROJECTED AMOUNT OF TAX INCREMENT TO BE PAID TO OTHER TAXING ENTITIES

The Agency will request 100 percent participation from all of the local taxing entities for twenty years. This is forecasted to amount to \$24.4M over 20 years or \$44.7M under the Contingency Budget. The Agency will, however, remit annually 40 percent of the increment back to the taxing entities. This is forecasted to amount to \$10.1M over 20 years or \$17.9M under the Contingency Budget.

(1)(F) PERCENTAGE OF TAX INCREMENT THE AGENCY IS AUTHORIZED TO RECEIVE FROM THE PROJECT AREA

The Agency will request 100 percent participation from Salt Lake County, Canyons School District, Midvale City, South Salt Lake Valley Mosquito Abatement District, Jordan Valley Water Conservancy District, Central Utah Water Conservancy District, Unified Fire Service Area, Salt Lake County Library, and Jordan/Canyons School District Debt Service Area and will annually remit back to those taxing entities 40 percent of the property tax increment.

(1)(G) MAXIMUM CUMULATIVE DOLLAR AMOUNT OF TAX INCREMENT THE AGENCY IS AUTHORIZED TO RECEIVE FROM THE PROJECT AREA

The Project Area will sunset after 20 years of receiving tax increment revenues or once the Agency has collected and retained a cap amount of \$15,500,000, or \$27,000,000 under the



Contingency Budget, whichever comes first. Note that the cap amounts (\$15.5M or \$27M) only pertain to tax increment revenues collected **and** retained by the Agency. All revenues remitted back to the taxing entities do not contribute toward the cap amount.

(3) AMOUNT OF PROJECT AREA FUNDS THE AGENCY WILL USE TO IMPLEMENT THE PROJECT AREA PLAN INCLUDING THE ESTIMATED AMOUNT OF PROJECT AREA FUNDS THAT WILL BE USED FOR LAND ACQUISITION, PUBLIC IMPROVEMENTS, INFRASTRUCTURE IMPROVEMENTS, ANY LOANS, GRANTS, OR OTHER INCENTIVES TO PRIVATE OR PUBLIC ENTITIES

The Agency will budget 77 percent of the tax increment revenues it receives toward redevelopment activities. Assuming 20 years of participation, the Agency will collect \$15,242,750 and allocate \$11,736,917 toward redevelopment activities. The following table highlights how the Agency will program the revenues it will put toward redevelopment activities.

Table 3.1: Budgeted Redevelopment Activities (Primary Budget)

Redevelopment Activities (77% of Total Budget)	Percent	Total
Parking structure(s)	45%	\$5,100,000
Relocations, demolition, land acquisitions, infrastructure, Etc.	9%	1,000,000
Capital Projects	13%	1,500,000
Professional Services	1%	150,000
Developer Reimbursements	13%	1,500,000
Public Art	17%	1,945,250
Bingham Junction Repayment	5%	541,667
Total	100%	\$11,736,917

Under the Contingency Budget, the Agency will collect and retain \$26,819,399 and allocate \$20,650,937 toward redevelopment activities. The following table highlights how the Agency will program the revenues it will put toward redevelopment activities.

Table 3.2: Budgeted Redevelopment Activities (Contingency Budget)

Redevelopment Activities (77% of Total Budget)	Percent	Total
Large Office Building Parking	83%	\$8,914,020
Parking structure(s)	25%	5,100,000
Relocations, demolition, land acquisitions, infrastructure, Etc.	5%	1,000,000
Capital Projects	10%	1,500,000
Professional Services	1%	150,000
Developer Reimbursements	7%	1,500,000
Public Art	7%	1,945,250
Bingham Junction Repayment	3%	541,667
Total	100%	\$26,819,399

(4) AGENCY'S COMBINED INCREMENTAL VALUE

The Agency's combined incremental value includes the incremental values from Bingham Junction RDA (assumed to be built out), Jordan Bluffs RDA (enough value to trigger per interlocal agreements), and the Main Street CDA (no incremental value). The value is about \$719,788,488. The following table shows the breakdown of the Agency's incremental value.



Table 3.3: Midvale Redevelopment Agency's Incremental Value

Project Area	Total
Bingham Junction RDA	\$681,571,927
Jordan Bluffs RDA	38,216,561
Main Street CDA	0
Total	\$719,788,488

(5) AMOUNT OF PROJECT AREA FUNDS THAT WILL BE USED TO COVER THE COST OF ADMINISTERING THE COMMUNITY REINVESTMENT PROJECT AREA PLAN

The Agency will designate *three percent* of the tax increment revenues generated within the Area and participated to the Agency toward administrative costs. This amounts to \$457,2828 or \$804,582 (Contingency Budget) over the 20-year life of the project area.

(6) FOR PROPERTY THAT THE AGENCY OWNS AND EXPECTS TO SELL, THE EXPECTED TOTAL COST OF THE PROPERTY TO THE AGENCY AND THE EXPECTED SALE PRICE

The Agency owns seven parcels within the Project Area. The parcels add up to 0.84 acres and have a total market value of \$792,500. Procuring the property likely cost the Agency about three-quarters of its current market value or about \$600,000. The expected sell price for any property the Agency sells will be for the land's market value, or the Agency could possibly sell the land for a reduced price if the incentive could shape the property's development in a way that would be more favorable to the Area and City.

REDEVELOPMENT ACTIVITIES

The budget document requirement found in 17C-5-303(3) calls for the amounts of project area funds that are budgeted to be used for various redevelopment activities, including land acquisition, public improvements, any grants, etc. This subsection will provide information related to the budgeted numbers stated in **Table 3.1**.

PARKING STRUCTURE(S)

Under the Contingency Budget, the Agency will raise an additional \$8,914,020 for redevelopment activities. This figure excludes the three percent designated for administrative costs and 20 percent earmarked for affordable housing. The additional \$8.9M for redevelopment activities will be used to support a parking structure for the Class-A office building with an assessed value greater than \$60M. The following paragraphs highlight expenses included in both the Primary Budget and the Contingency Budget. The other line items and amounts are both identical.

Supporting parking is one of the main objectives based on the budget, with about one-third of the total Primary Budget (\$5,100,000) allocated toward developing parking structures. The Agency believes that developing one or more parking structures adjacent to Main Street will help revitalize the Area. The Agency will follow a model for redeveloping a Main Street that has been proven to be successful by many cities. A few examples are provided in **Exhibit B**. The key component contributing to these successful development efforts was supporting parking via parking structures.



According to the Small Area Plan, “Planning for pedestrian access and parking master planning should be a key part of future investments in the Main Street midblock corridors.” A parking master plan will help the Agency determine how many parking stalls would be required to support the redevelopment of the Area. To support the development of a parking master plan, the Agency recently completed a detailed survey of the Main Street Area, which included a count of all parking spaces. The survey detailed whether the parking spaces were on street, public, or reserved for a business.

RELOCATIONS, DEMOLITION, LAND ACQUISITIONS, INFRASTRUCTURE, ETC.

There are several parcels that the Agency could purchase that would enhance the development potential of land owned by the Agency. The consolidation of the Agency’s land would open opportunities to develop parking structures, sell the property to a developer, or utilize the land for public gathering and/or recreation and create key access easements.

CAPITAL PROJECTS

Roughly thirteen percent of the Redevelopment Activities Budget (\$1,500,000) is estimated to be used to support capital projects. It is not the intent of the Agency to pull funding from the taxing entities to subsidize the City’s general fund by supporting projects that should just be paid for by the City. The Agency will only support capital projects that will enable increased density of development, improve connectivity throughout and to the Area, and support affordable housing projects. One example includes relocating the power poles as outlined in the Small Area Plan.

PROFESSIONAL SERVICES

\$150,000 will be set aside to fund various professional services that the Agency will require. These services may include legal services to help form agreements, market analysis to help determine the best mix of developments in the Area, and engineering studies to support infrastructure improvements (especially those that will help support affordable housing projects).

DEVELOPER REIMBURSEMENTS

Redevelopment agencies have the unique ability to influence the size, scale, look, and feel of developments. Agencies typically do this by offering tax reimbursements to developers for meeting specific standards related to a project’s size, façade, use, etc. Agencies can have a significant impact on developments by incentivizing the types of development that will most benefit the project areas.

The Midvale City Redevelopment Agency will carefully utilize \$1.5M for developer reimbursements. To avoid providing support to developments that will likely occur even without public support, the Agency will scrutinize development plans, pro forma, and perform break-even analysis for all developments looking for support.

The Agency will seek to target those types of developments that will most benefit the Area and the City. The most beneficial types of development will include a balanced mix of commercial (retail sales, service providers, and office), higher density residential, and public spaces. To determine the correct mix of developments, the Agency will perform or commission a market study for the Area and utilize data from a sales tax leakage study it recently performed (8/2020).



The Agency will also seek to support several anchor tenants to take purchase within the Area. Anchor tenants will provide an increased and sustained level of traffic and vitality through the Area.

The Agency will shape the look and feel of new developments and remodels through grants, forgivable loans, and tax reimbursement agreements. In this way the Agency will be able to influence the Area so that it supports the development of a sense of place for the City.

PUBLIC ART

The Agency has budgeted \$1,945,250 to support and enhance public arts within the Project Area. About twenty percent of the \$1.9M will be used to cover startup and operating costs for an arts center. Slowly over time, the operations costs for the arts center will shift from the CDA to the arts center, which the Agency believes can become self-sustaining through renting art spaces, collecting a small percent commission on art sales, fundraisers, and grants.

The remaining \$1.5M will be used to support public art initiatives, including murals, utility box art wraps, other public art initiatives and projects, and maintaining public art installations.

BINGHAM JUNCTION REPAYMENT

Legally, tax increment revenues must be expended to directly benefit the project area from whence they were generated. A project area may, however, lend money to another project area. To help prime the Main Street CDA for redevelopment, the Bingham Junction RDA has loaned it \$541,667. The Main Street CDA must repay this loan to the Bingham Junction RDA so that those revenues can be used to provide a direct benefit to the RDA.



SECTION IV: FISCAL IMPACT STUDY

A key factor that determines whether taxing entities decide to participate tax increment revenues or not is whether the project area will generate a net fiscal benefit. In other words, will the additional tax revenues offset the increase in costs created by the additional redevelopment? Based on our model's assumptions, the taxing entities will experience a net benefit through participating in the Project Area. The following table illustrates the calculated net benefits to the School District, County, and City based on the Primary Budget.

Table 4.1: Taxing Entities' Net Benefits (Primary Budget)

Taxing Entity	Annual Net Benefit After Buildout	Total Net Benefit (20 Years)
Canyons School District	\$250,991	\$4,290,210
Salt Lake County	56,348	883,829
Midvale City	32,928	517,994
Total	\$340,276	\$5,692,187

Based on the Contingency Budget:

Table 4.2: Taxing Entities' Net Benefits (Contingency Budget)

Taxing Entity	Annual Net Benefit After Buildout	Total Net Benefit (20 Years)
Canyons School District	\$463,782	\$8,265,771
Salt Lake County	111,091	1,978,681
Midvale City	64,287	1,145,152
Total	\$639,160	\$11,389,605

CANYONS SCHOOL DISTRICT NET FISCAL BENEFIT

Increases in costs to the School District are driven by increases in the student population. To calculate the net fiscal benefit to Canyon's School District, the model used the following data and assumptions for increases in costs.

Table 4.3: Canyons SD Data

Statistics	
Estimated 2019-2020 Enrollment	34,451
Total 2019-2020 Budget	\$294,844,429
Expenditure per Student	\$8,558
Weighted Pupil Average	\$3,532
Net Cost per Student	\$5,026



Table 4.4: Development & Canyons SD Assumptions

Assumptions	
Current Number of Detached Single-Family Homes in Area	197
Reduction in Detached Single-Family Homes	2.5%
Reduction in Detached Single-Family Homes	5
Increase in Additional Multi-Family Homes	81
Students per Detached Single-Family Homes	0.50
Students per Multi-Family Housing Unit	0.15*
Net Change in Students	9.7

*Used per 5/27 discussion with SD CFO, Leon Wilcox.

An increase of 9.7 students will increase the annual net cost to the School District by \$48,693 (\$5,026 * 9.7) without adjusting for inflation. After the eight year buildout period, the total annual net increase in costs is estimated to be \$52,241 adjusting two percent annually for inflation. The increase in costs to the School District will be significantly outweighed by the increase in retained (not participated to the Agency) incremental property tax revenues. Based on the assumptions built into the Contingency Budget, the School District's additional costs would remain the same, because the significant project does not consist of any residential components.

Assuming the School District participates 60 percent of the incremental property tax revenues over 20 years, the **total net benefit after 20 years is estimated to be \$4,290,210 for the Primary Budget and \$8,265,771 for the Contingency Budget.** These figures sum the annual difference between the annual increase in costs (adjusted for inflation) with the annual additional tax increment revenue (retained by the School District). Note that the tax increment revenues are not adjusted for inflation because the certified tax rate process eliminates any gains that would come from inflation.

Detailed annual additional costs and revenues calculations can be seen in **Exhibit D.** The average annual net benefit to the School District during the participation period (20 years) is estimated to be \$214,510. After the participation period ends (Year 21), the net annual benefit to the School District will be \$784,068. Under the Contingency Budget, the average annual net benefit to the School District during the participation period (20 years) is estimated to be \$413,289. After the participation period ends (Year 21), the net annual benefit to the School District will be \$1,281,014.

SALT LAKE COUNTY NET FISCAL BENEFIT

Increases in costs to the County can be measured by increases in the total population. To calculate the net fiscal benefit to Salt Lake County, the model used the following data and assumptions for increases in costs.