

**REDEVELOPMENT AGENCY OF MIDVALE CITY
RESOLUTION 2021-20RDA**

A RESOLUTION AUTHORIZING THE EXTENSION OF COLLECTION OF TAX INCREMENT FOR TWO YEARS IN EACH OF THREE PROJECT AREAS IMPACTED BY THE COVID-19 EMERGENCY.

WHEREAS, the Utah Legislature, in the Sixth 2020 Special Session, through Senate Bill 6001, amended the Utah Community Reinvestment Agency Act (the “**Act**”), specifically enacting Utah Code Annotated (“**UCA**”) § 17C-1-416 (“**The COVID-19 Emergency Extension Bill**”); on August 31, 2020 which authorized Community Reinvestment Agencies such as the Redevelopment Agency of Midvale City (the “**Agency**”) to extend the collection of “**Tax Increment**” (as defined in UCA § 17C-1-403) under certain circumstances due to the COVID-19 Emergency;

WHEREAS, the Agency intends to extend the Project Area funds collection period of multiple impacted project areas, including the Bingham Junction Redevelopment Area, the Jordan Bluffs Redevelopment Area, and the Main Street Community Development Area for a period of two years;

WHEREAS, the COVID-19 Emergency Extension Bill was signed by the Governor of Utah and became law, effective August 31, 2020;

WHEREAS, the Agency adopted the project area plans for the Bingham Junction RDA and Jordan Bluffs RDA on August 10, 2004, and adopted the project area plan for the Main Street CDA on November 15, 2015;

WHEREAS, the COVID-19 Emergency Extension Bill specifically authorizes the Agency to extend the Tax Increment collection period in each Impacted Project Area, by up to two years, if the agency determines the conditions resulting from the COVID-19 emergency will likely delay the Agency's implementation of each of the Plans described herein; or cause the Agency to receive an amount of Tax Increment from each Project Area that is less than the amount of Tax Increment the Agency expected the Agency would receive from the Project Area, respectively;

WHEREAS, the Agency has carefully considered the facts and information available to the Agency on whether the COVID-19 emergency will likely delay the Agency's implementation of each of the Impacted Plans, for each Impact Project Area; or cause the Agency to receive an amount of Tax Increment from each of each Impacted Project Area that is less than the amount of Tax Increment the agency expected the agency would receive from the Impacted Project Area, respectively; and

WHEREAS, the Agency Board, after carefully considering all of the facts and information, including without limitation a memorandum prepared by Agency staff that includes an analysis of Agency revenues and information relayed from property owners and developers

within each of the respective project areas, is prepared to make its determinations, findings and conclusions as set forth below.

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF
THE REDEVELOPMENT AGENCY OF MIDVALE CITY AS FOLLOWS:**

1. The Agency Board finds and determines that each of the Impacted Project Areas is an “Impacted Project Area” as defined in UCA § 17C-1-416(1)(c), based on the facts that, among other things, (a) the Agency expects to receive Tax Increment from each Impacted Project Area, as provided under the applicable Impacted Plan and/or Impacted Budget for each Impacted Project Area, respectively, (b) each respective Impacted Project Area is subject to a project area funds collection period, (c) each Impacted Plan was adopted before December 31, 2019; and (d) the Agency has determined the conditions resulting from the COVID-19 Emergency will likely either delay the Agency’s implementation of the respective Impacted Plans or cause the Agency to receive an amount of Tax Increment from the respective Impacted Project Areas that is less than the amount of Tax Increment the Agency expected it would receive from the respective Impacted Project Areas.
2. The following summary of conditions resulting from the COVID-19 Emergency will likely either delay the Agency’s implementation of the Bingham Junction RDA Plan or cause the Agency to receive an amount of Tax Increment from the respective Bingham Junction RDA that is less than the amount of Tax Increment the Agency expected it would receive from the Bingham Junction RDA: CHG Healthcare had a significant development stalled by the COVID-19 emergency. CHG’s phase II development includes 122,000 square feet of Class A office space and a four-story parking stall that would accommodate 780 stalls. The COVID-19 emergency has temporarily eliminated CHG’s need for additional office space and additional parking, which was to be shared between CHG and the public. This has delayed the Agency’s ability to implement the Bingham Junction Project Area Plan in further accomplishing four of the plan’s stated Redevelopment Purposes and Objectives:
 - i. Strengthening the tax base and economic health of Midvale City, and the entire State of Utah.
 - ii. Provide rehabilitation of a Superfund site and return the vacated site to useful activity through construction of infrastructure.
 - iii. Provide quality development to ensure the long-term physical and economic vitality the Bingham Junction Project Area.
 - iv. Plan project parking, signage, and pedestrian circulation to reduce vehicle/pedestrian conflicts.

CHG’s phase II project was estimated to cost \$41,846,028. This will translate to about \$400,000 in annual tax increment revenue. Every year phase II is delayed, the Agency loses out on \$400,000 in tax increment revenue.

3. The following summary of conditions resulting from the COVID-19 Emergency will likely either delay the Agency’s implementation of the Jordan Bluffs RDA Plan or cause the Agency to receive an amount of Tax Increment from the Jordan Bluffs RDA that is less than the amount of Tax Increment the Agency expected it would receive from the Jordan Bluffs RDA: The first year for Jordan Bluffs RDA to collect tax increment was FY2021. The majority of tax

increment came from three developments, Zions Bank's technology headquarters building, Gardner's View 78 development, and Wasatch Residential. The assessed value for Year 1 was \$66,460,160. The Original Project Area Budget projected a Year 1 value of \$45,660,260. The actual value is 43% higher than the Original Budget's projected value. For Year 2, however, the Agency anticipates that the value will be lower than the figure projected by the Original Budget at Year 2, \$104,371,548. The Original budget projects an increase in value between Year 1 and Year 2 of 129%. To have a value of \$104,371,548, the growth rate between Year 1 and Year 2 will have to be 57%. The Agency believes this is unlikely to happen as multiple projects within the project area have been delayed and pushed back. According to Wasatch Residential, their lease-up was delayed at the onset of the pandemic. Their actual vacancy rate was 20% higher than what they had projected. The higher vacancy rate caused them to delay the construction of their final phase. Originally, they planned to start Jordan Bluffs Phase III in March of 2021. The current scheduled start date is now April 2022. Wasatch Residential sent Agency staff provided the Agency with their monthly lease up numbers vs projected for the Parc View development (Jordan Bluffs Phase I and 2).

4. The following summary of conditions resulting from the COVID-19 Emergency will likely either delay the Agency's implementation of the Main Street CDA Plan or cause the Agency to receive an amount of Tax Increment from the Main Street CDA that is less than the amount of tax increment the Agency expected it would receive from the Main Street CDA: One of the primary developers on Main Street, Jeff Beck, provided Agency staff with information on how the COVID-19 emergency impacted developments within the Main Street CDA. According to Mr. Beck, nearly all costs associated with his developments increased significantly, including labor, lumber, and other materials. Obtaining financing also became difficult because financial institutions became cautious and more risk averse concerning funding projects. Feasibility studies became so full of uncertainty as to render them useless. At this point, his projects have been delayed and pushed back by at least a year and a half.
5. The date on which the Tax Increment collection period, as extended by this resolution, will end for the Bingham Junction RDA is now December 31, 2036.
6. The date on which the extension period, as extended by this resolution, will end for the Civic Center North Project Area is now December 31, 2047.
7. The date on which the extension period, as extended by this resolution, will end for the Main Street CDA is now December 31, 2046, if the first year of collection occurs in 2024.
8. Agency staff is hereby authorized and directed to mail or electronically submit a copy of this Resolution after adoption to:
 - a. the Utah State Tax Commission;
 - b. the Utah State Board of Education;
 - c. the Utah State Auditor;
 - d. the Salt Lake County Auditor; and
 - e. each taxing entity affected by the Agency's collection of Tax Increment from the Project Area.

9. Agency staff are hereby authorized to take all other actions necessary to carry out the purposes of this Resolution.

This resolution shall become effective immediately upon passage thereof.

Passed and adopted by the Redevelopment Agency of Midvale City Board of Directors, State of Utah, this 19th day of October 2021.




Robert M. Hale
Chief Administrative Officer


Matt Dahl
Executive Director

ATTEST:


Rori L. Andreason, MMC
Secretary

Voting by the Board:	"Aye"	"Nay"
Dustin Gettel	✓	—
Paul Glover	✓	—
Quinn Sperry	✓	—
Heidi Robinson	✓	—
Bryant Brown	✓	—

ATTACHMENT: MEMO TO MIDVALE AGENCY BOARD ON 2-YEAR EXTENSION



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MEMORANDUM

To: Midvale City Redevelopment Agency Board
From: Midvale City Redevelopment Agency Staff
Date: October 12, 2021
Subject: Extension of Collection Period for Project Areas Impacted by COVID-19 Emergency

Summary of 17C-1-416

During a special legislative session in 2020, the Utah legislature adopted 17C-1-416 Extension of Collection Period for Project Areas Impacted by COVID-19 Emergency – Requirements – Limitations. Under 17C-1-416, a redevelopment agency may extend the project area funds collection period of an impacted project area for up to two years. Before a redevelopment agency may consider an emergency extension, it must consider a resolution that describes:

- the conditions resulting from the COVID-19 emergency that will likely delay the implementation of the project area plan or reduce the amount of tax increment that the agency receives from the impacted project area;
- why an extension of the project area funds collection period is needed; and
- the date on which the extension period will end.

If the redevelopment agency board finds that one of its project areas is an “Impacted Project Area”, it may adopt a resolution and extend the collection period of the project area by one or two years.

To qualify as an “Impacted Project Area” a project area:

- Is one that an agency expects to receive tax increment;
- Is subject to a project area funds collection period;
- Is subject to a project area plan that was adopted on or before December 31, 2019; and
- In which the agency determines the conditions resulting from the COVID-19 emergency will likely:
 - (A) delay the agency's implementation of the project area plan; or
 - (B) cause the agency to receive an amount of tax increment from the project area that is less than the amount of tax increment the agency expected the agency would receive from the project area.

Note that adopting a resolution approving an extension does not increase the percentages that taxing entities participate or increase the total amount that the redevelopment agency is allowed to collect (participation cap), if such a provision is in place in the Taxing Entity Committee or Interlocal Cooperation agreements. Also, the agency may not expend the additional tax increment revenues for any purposes outside of those listed in the project area plan and budget.

The extension will not take effect until the resolution is adopted by the redevelopment agency board and copies of the resolution are sent to the State Tax Commission, State Board of Education, state auditor, county auditor, and each taxing entity affected by the extension. The copies of the resolution must be sent no later than November 1 of the year immediately preceding the year in which the project area funds collection period would normally end.

Application to Midvale's Three Project Areas

The Midvale Redevelopment Agency (the "Agency") has three project areas. The following table illustrates each project area and which qualifications they meet to align with the definition of an Impacted Project Area.

	Bingham Junction RDA	Jordan Bluffs RDA	Main Street CDA
Agency expects to receive tax increment	Yes	Yes	Yes
Subject to project area funds collection period	Through FY 2034	Through FY 2045	Through FY 2044
Project area plan adopted before 12/31/2019	Yes	Yes	Yes
Delayed project area plan implementation or Agency receive less tax increment than expected	TBD	TBD	TBD

All three project areas objectively and unequivocally meet the first three qualifications to be classified as an Impacted Project Area. To determine whether the project areas meet the fourth requirement, the Agency reached out to the main developers within the project areas and asked them how their existing, current, and future developments were impacted by the COVID-19 emergency. The following three sections provide information on how the Agency's project areas were impact by the COVID-19 crisis.

Bingham Junction RDA

CHG Healthcare had a significant development stalled by the COVID-19 emergency. CHG's phase II development includes 122,000 square feet of Class A office space and a four-story parking stall that would accommodate 780 stalls. The COVID-19 emergency has temporarily eliminated CHG's need for additional office space and additional parking, which was to be shared between CHG and the public. This has delayed the Agency's ability to implement the Bingham Junction Project Area Plan in further accomplishing four of the plan's stated Redevelopment Purposes and Objectives:

1. Strengthening the tax base and economic health of Midvale City, and the entire State of Utah.
 2. Provide rehabilitation of a Superfund site and return the vacated site to useful activity through construction of infrastructure.
 3. Provide quality development to ensure the long-term physical and economic vitality the Bingham Junction Project Area.
 4. Plan project parking, signage and pedestrian circulation to reduce vehicle/pedestrian conflicts.
- CHG's phase II project was estimated to cost \$41,846,028. This will translate to about \$400,000 in annual tax increment revenue. Every year phase II is delayed, the Agency loses out on \$400,000 in tax increment revenue.

Jordan Bluffs RDA

The first year for Jordan Bluffs RDA to collect tax increment was FY2021. The majority of tax increment came from three developments, Zions Bank's technology headquarters building, Gardner's View 78 development, and Wasatch Residential. The assessed value for Year 1 was \$66,460,160. The Original Project Area Budget projected a Year 1 value of \$45,660,260. The actual value is 43% higher than the Original Budget's projected value. For Year 2, however, the Agency anticipates that the value will be lower than the figure projected by the Original Budget at Year 2, \$104,371,548. The Original budget projects an increase in value between Year 1 and Year 2 of 129%. To have a value of \$104,371,548, the growth rate between Year 1 and Year 2 will have to be 57%. The Agency believes this is unlikely to happen as multiple projects within the project area have been delayed and pushed back.

According to Wasatch Residential, their lease-up was delayed at the onset of the pandemic. Their actual vacancy rate was 20% higher than what they had projected. The higher vacancy rate caused them to delay the construction of their final phase. Originally, they planned to start Jordan Bluffs Phase III in March of 2021. The current scheduled start date is now April 2022. Wasatch Residential

sent Agency staff provided the Agency with their monthly lease up numbers vs projected for the Parc View development (Jordan Bluffs Phase I and 2).

Gardner Company, another major developer within the project area, has also seen major impacts from the COVID-19 Pandemic. According to Gardner,

Since 2011, the Gardner Company's development team has successfully delivered approximately 500,000 sq. ft. of new Office space to the Utah market on an annual basis. Unfortunately, the recent COVID-19 pandemic forced many current and future office tenants to pause their growth plans as they developed strategies for how to adapt to the changing environment. As a result, the demand for new office space in the greater Salt Lake Valley came to an abrupt halt. Rather than developing our usual 500,000 sq. ft. of office, Gardner Company had every potential development deal (including one that was already under construction 100,000 sq. ft. CHG phase 2) fall through. We were unable to kick off a single new office project in 2020 or 2021 to this point. View 78 has also felt setbacks due to the pandemic, during the entire year of 2020 we did not receive a single request for proposal (RFP) from an office user for that area.

Main Street CDA

The Agency adopted the Main Street Community Development Project Area Plan on November 17, 2015. The taxing entities were, at the time, not supportive of the Main Street CDA's plan and budget. In 2020, Agency staff revised the project area budget and secured the support of most taxing entities via Interlocal Cooperation Agreement the following year. Per the terms of the ILAs, which all¹ have the same terms, the CDA may collect 60% tax increment for 20 years. Agency staff proposed these terms as they would meet more stringent participation guidelines adopted by Canyons School District, Unified Fire Authority, and Salt Lake County while still raising enough revenue to accomplish the goals set out in the plan and budget. This, however, assumed that the COVID-19 emergency would not significantly delay developments within the Main Street CDA for a prolonged period of time. If delays continue, the Agency may not collect enough tax increment from the taxing entities to reach the cap amounts and fund the project area budget. Extending the collection period two years would help ensure the Agency will collect the requisite amount of tax increment revenues.

One of the primary developers on Main Street, Jeff Beck, provided Agency staff with information on how the COVID-19 emergency impacted developments within the Main Street CDA. According to Mr. Beck, nearly all costs associated with his developments increased significantly, including labor, lumber, and other materials. Obtaining financing also became difficult because financial institutions became cautious and more risk averse concerning funding projects. Feasibility studies became so full of uncertainty as to render them useless. At this point, his projects have been delayed and pushed back by at least a year and a half.

Note that each taxing entity has a cap amount specific to how much they will participate, independent of the other taxing entities. If the Agency is able to collect the cap amount of tax increment from the various taxing entities before Year 20, the Agency will not need or be able to extend the collection period. Extending the collection period, at this point, however, appears to be a prudent and necessary precaution.

Takeaway

To determine whether the Agency's project areas were Impacted Project Areas, Agency staff analyzed the three project areas' revised budgets, original budgets, and expected revenues to determine whether the Agency will receive less tax increment than anticipated, which is a strong possibility in the Jordan Bluffs and Main Street project areas. The Agency also received information from the primary developers within the project areas and determined that the COVID-19 pandemic has delayed the implementation of the project area plans in all three project areas. Based on the

¹ Salt Lake County's ILA has not yet been finalized but will likely be 75% participation for 20 years.

results of this research and analysis, Agency staff recommend approving two-year extensions to the Agency's three project areas.