

Redevelopment Agency

OF MIDVALE CITY



MIDVALE

Dear Friends,

I am pleased to present the 2011 Annual Report for the Redevelopment Agency of Midvale City. The purpose of this report is to fulfill the annual report requirement mandated by Utah Code Sections 17C-1-402(9)(b) and 17C-1-603. Within this report you will find the background, assessed values, estimated tax increment and current progress on the development within the Bingham Junction and Jordan Bluffs project areas.

As former superfund sites in the middle of the Salt Lake Valley, the Bingham Junction and Jordan Bluffs project areas are truly unique opportunities. Only through successful partnerships between Midvale City, the Environmental Protection Agency, Utah Department of Environmental Quality and the numerous property owners have these sites been able to be redeveloped. The role and assistance of the Redevelopment Agency of Midvale City has been critical to bringing about the necessary improvements and stimulating private investment.

This report illustrates the activities of several entities that are working and investing in a brand new community for Midvale City. There are many more exciting projects that will be realized over the upcoming years. On behalf of the Redevelopment Agency we appreciate the support of the taxing entity committee and all of our partners as we continue to play a pivotal role in promoting economic development and redevelopment opportunities.

Sincerely,

Danny Walz
Director, Redevelopment Agency of Midvale City

2011

Annual Report

Bingham Junction Project Area

Project Area Summary

On August 10, 2004, the Redevelopment Agency of Midvale City Board of Directors adopted the Bingham Junction Project Area. The project area consists of 390 acres on the City's west side. It is bound by the Midvale City boundary on the north, 700 West/Holden Street on the east, 7800 South on the south and the Jordan River on the west.

Bingham Junction Project Area	
Base Year: 2004	Trigger Year: 2009
Term: 25 Years	Remaining Term: 23 Years

Project Area History

The Bingham Junction Project Area consists primarily of the Midvale Slag Superfund Site. Between 1871 and 1958 there were five separate smelters located on or near the property that processed ore from Bingham Canyon, Kennecott Copper and other mines. The smelter represented a significant economic benefit for the region but the operations and waste materials resulted in contamination of the soil and groundwater. After the smelter facilities were demolished the property was sold to Littleton Corporation as an investment property. The large amount of slag was valuable for use as railroad ballast and road construction. However, the Environmental Protection Agency began to investigate the contamination on the site and in 1991 the property was placed on the National Priorities List, the Agency's list of top priority Superfund sites.

Littleton worked with EPA and other stakeholders to create a solution that would remediate the site as well as allow for future development on the property. Between 1996 and 2007 the parties oversaw major cleanup activities on the site and the property was ultimately removed from the National Priorities List. Cleanup activities involved regrading the slag, encapsulating the contaminated soil, and covering the site with 18 inches of clean soil. The project also included bank stabilization and habitat restoration along the Jordan River.



The remediation plan imposed by the EPA cleaned up the property but left it subject to the requirements of Institutional Controls which impose a number of constraints on future development including the handling of soils and maintaining the isolation of contaminated soils. This condition results in extraordinary costs associated with developing the site. In addition, the industrial property had been abandoned for over 20 years and lacked the basic infrastructure of roads and sidewalks as well as water, sewer and storm drain service.



The property owner worked with Midvale City to develop a large-scale master plan for the property that would allow future development of the site to be consistent with the City's ordinances. In addition, the Redevelopment Agency was included to provide tax increment financing assistance.

Cleanup of Midvale Slag Site

Project Assessed Values and Tax Increment

With approval by the Taxing Entity Committee the Bingham Junction Project Area budget provides for collection of 80% of the property tax increment generated for a period of 25 years. The primary purpose of the project area is to address the extraordinary costs imposed on the property as a former Superfund site as well as the construction of infrastructure to prepare the area for development activities. The Total Assessed Value for the Project Area increased significantly once cleanup of the property was completed and the property was cleared for reuse. This growth in value has continued as the infrastructure has been installed and development has occurred.

Bingham Junction Project Area				
	2004 Base Year	2010	2011 (Estimated)	2012 (Estimated)
Total Assessed Value	\$3,899,414	\$135,798,040	\$150,087,684	\$212,493,615
Tax Increment Collected		\$1,560,202	\$1,729,232	\$2,467,419

In September, 2005, the RDA entered into a reimbursement agreement with the Littleson Corporation as the owner and master developer of the property. The agreement provides for the reimbursement of trunk infrastructure and site work costs necessitated by the condition of the site. The RDA took advantage of favorable interest rates to issue tax increment bonds in May, 2010 for the construction of infrastructure within the project area.

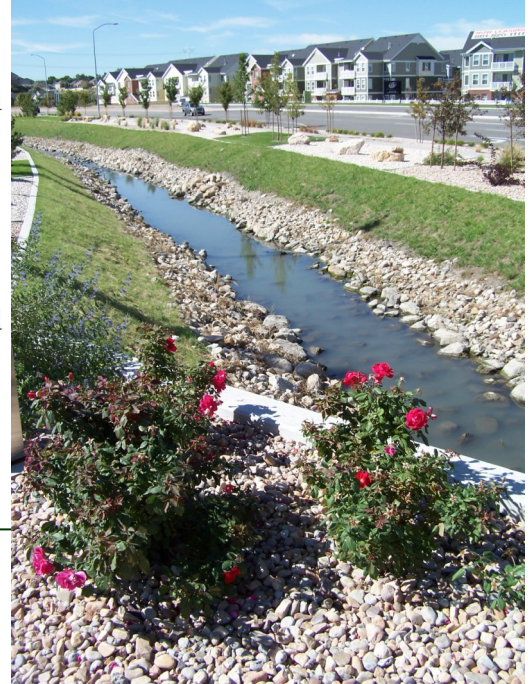
Bingham Junction Project Area

Projects

Infrastructure

As part of the overall redevelopment process, the developers and Midvale City have built several roads including Bingham Junction Boulevard, a major arterial road that will eventually bisect both project areas and provide a new north-south route through Midvale.

The large scale of the development requires upgrades and new construction of trunk infrastructure for the City's water, sewer and storm drain systems. This includes increased capacity of the City's water tanks, construction of new sewer lift stations as well as relocation and installation of storm drain channels.



TRAX

On August 7, 2011, the United Transit Authority officially opened the new Mid-Jordan TRAX line. The 10.6 mile line connects the communities of Midvale, West Jordan and South Jordan to the existing Sandy/Salt Lake TRAX line. The extension includes nine stations and travels between Daybreak in South Jordan to the Medical Center at the University of Utah. The Bingham Junction station is located in the middle of the project area at 7387 South Bingham Junction Boulevard. As part of the station construction, the RDA participated in the public art program. The art piece "Utah Bit and Mine" is scheduled to be installed by the end of the year.

Jordan River

As part of the remediation of the Superfund site, the EPA has done significant restoration work along the Jordan River. The river bank has been stabilized and improved to prevent erosion which could release buried contaminants to the river and adjacent properties. A new dam has also been constructed to slow down the water and improve the meandering of the river.



Residential Development

Despite the overall economic downturn in the housing market, Midvale has remained active in residential construction. Over 1,000 residential units have been constructed within the Bingham Junction Project Area. There are currently four major projects under construction that will add an additional 830 units.



Completed

Florentine Villas – Wasatch Property Management - 214 apartment units targeted at families earning 60% or less average median income

Parkview at Riverwalk – DG Investments - 148 town-home and condominium units

Riverwalk Apartments – Brad Reynolds Construction - 256 apartment units

San Moritz – Wasatch Property Management - 390 apartment units



Under Construction

Tuscany Villas – Wasatch Property Management - 76 apartment units targeted at senior citizens earning 80% or less average median income

Rooftops – Solstice Homes - 330 condominium townhome units

Central 72 - Holmes Homes - 124 townhome residential units

Talavera – Wasatch Property Management - 300 apartment town-home units

East Riverwalk – Candlelight Homes – 126 single family homes



Bingham Junction Project Area

Projects

Commercial/Office Development

The Bingham Junction Project Area includes over 140 acres of commercial zoned property. Future development anticipates 400,000 square feet of retail and restaurant space, 1.2 million square feet of office space as well as a hotel with conference space.



RiverWalk Retail Commercial

Over 100,000 square feet of commercial retail space already constructed. Tenants include WinCo Grocery Store, Beans and Brew, Subway, Great Clips and Utah's first Culver's location.

FLSmidth

Headquartered in Denmark, FLSmidth is the world's leading supplier of equipment and services to the minerals and cement industry. Their new global minerals technology center consolidates all of the company's Utah operations and includes a 95,000 square foot, LEED Certified office building as well as adjacent lab.

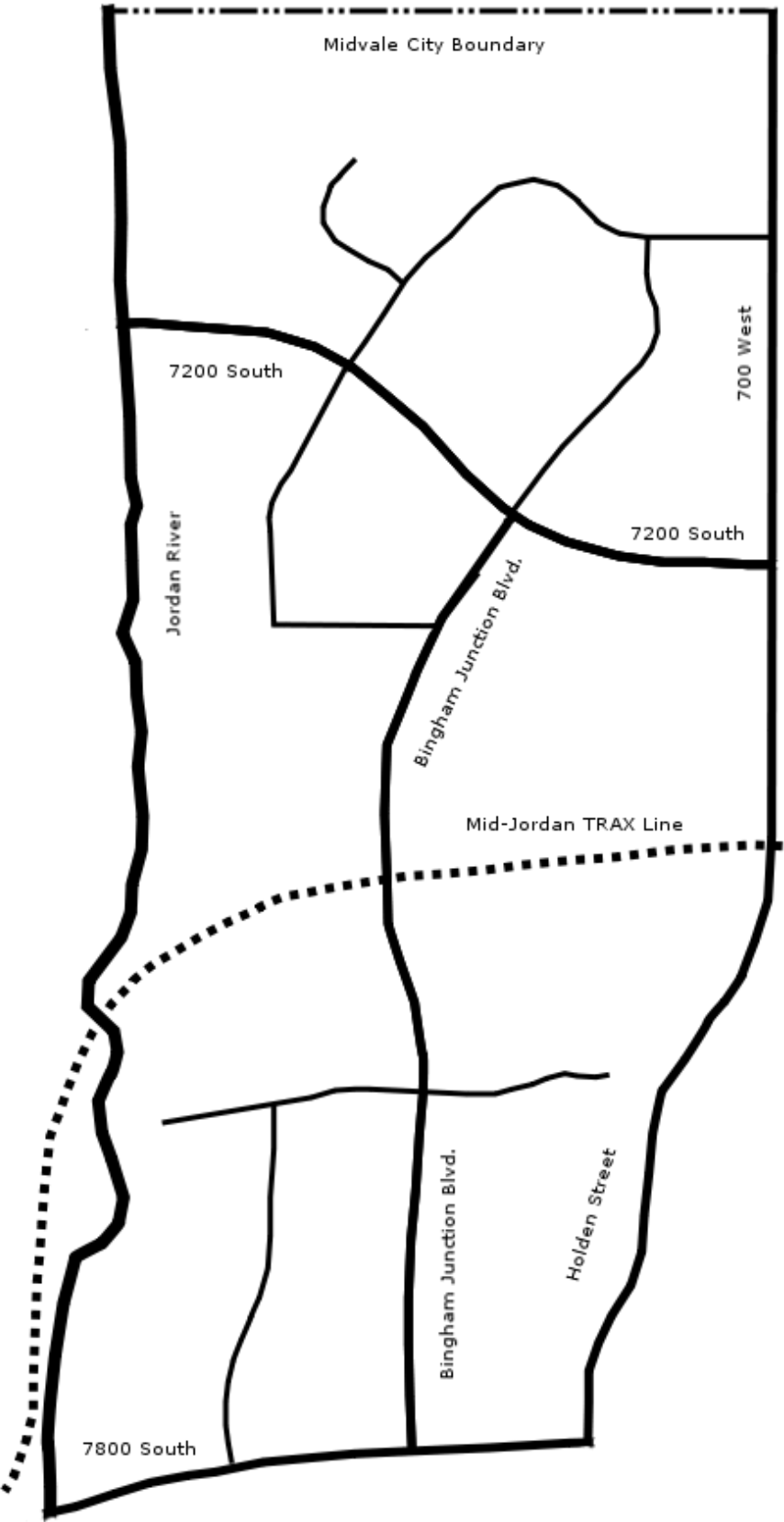


IHC Facility

Intermountain Health Care is currently constructing a medical materials distribution center that will include 152,000 square feet of warehouse space and another 154,000 square feet of office and ancillary space. The new facility will consolidate IHC's distribution of medical supplies and products into one location and improve delivery to the 26 IHC hospitals and 150 clinics throughout Utah and Idaho.

Bingham Junction Project Area Map

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Jordan Bluffs Project Area

Project Area Summary

On August 10, 2004, the Redevelopment Agency of Midvale City Board of Directors adopted the Jordan Bluffs Project Area. The project area consists of 268 acres on the City's west side. It is bound by 7800 South on the north, Holden Street and Main Street on the east, the Midvale City boundary on the south and the Jordan River on the west. The Agency has not pulled the trigger on the collection of tax increment.

Jordan Bluffs Project Area	
Base Year: 2004	Trigger Year: N/A
Term: 25 Years	Remaining Term: 25 Years

Project Area History

The Jordan Bluffs Project Area consists primarily of the Sharon Steel Superfund Site. In 1902 the United States Mining Company started operation of their copper smelter on the property. Byproducts of ore processing that contained high levels of arsenic and lead from the milling operations were deposited to a waste tailings pile on the west end of the property. The milling facilities operated for a period of approximately 65 years until 1971 and the property was purchased by the Sharon Steel Company in 1979.



Floatation Mill 1925

Between 1982 to 1990, investigations conducted by local, State, and Federal agencies determined that soils on the Sharon Steel property, as well as on nearby residential and commercial properties, had arsenic and lead concentrations at levels that posed unacceptable risks. In 1991 the site was officially listed on the EPA National Priorities List.



The EPA conducted cleanup operations on the site throughout the 1990's. Remediation included demolishing the remaining mill structures and capping the tailings piles with a flexible membrane liner. Because of a high level of contamination and the fact that the contaminated soil remains on the site beneath a cap system there are extraordinary costs associated with developing the property in the future. The property has been vacant for over 25 years and will require massive amounts of additional fill material and infrastructure costs for redevelopment.

In January, 2004 the property was purchased by Jordan Bluffs, Inc. Over the past seven years the ownership group has conducted further investigations on the site to determine the potential for redevelopment. Preliminary placement of fill material has been done to test compaction on the site. Currently the ownership group is resolving issues between the partners on how best to proceed with development on the site.



Jordan Bluffs Project Area following cleanup

Project Assessed Values and Tax Increment

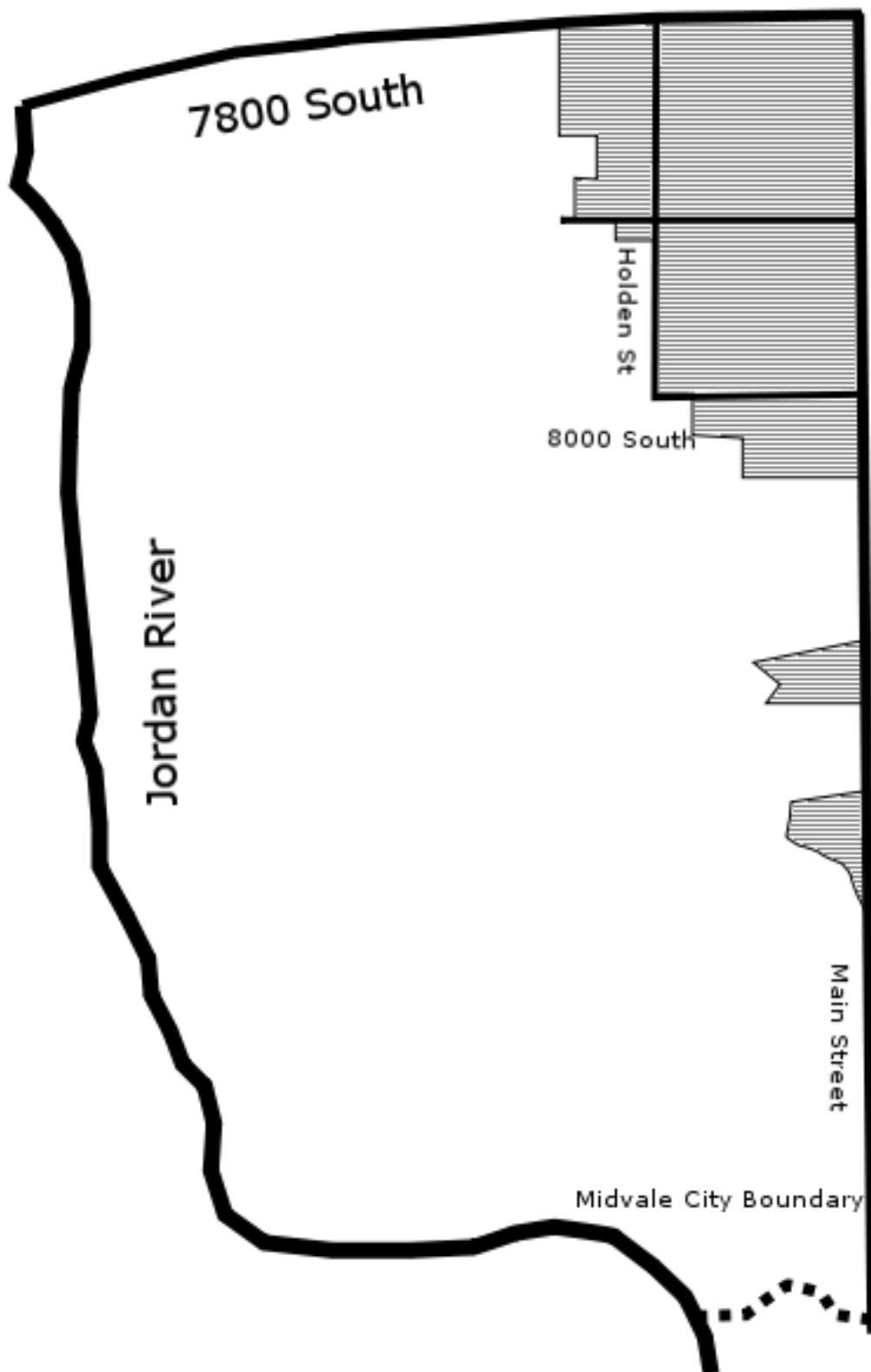
With approval by the Taxing Entity Committee the Jordan Bluffs Project Area budget provides for collection of 100% of the tax increment for 25 years with a 20% rebate back to the Taxing Entities. The primary purpose of the project area is to address the extraordinary costs imposed on the property as a former Superfund site as well as the construction of infrastructure to prepare the area for development activities. The Project Area experienced a slight increase in Total Assessed Value with the sale of the Sharon Steel property. However, the value is still significantly suppressed due to the condition of the property.

Jordan Bluffs Project Area				
	2004 Base Year	2010	2011 (Estimated)	2012 (Estimated)
Total Assessed Value	\$3,516,366	\$13,097,533	\$13,060,007	\$13,123,471
Tax Increment Collected	N/A	\$0	\$0	\$0

Jordan Bluffs Project Area

Jordan Bluffs Project Area Map

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Chief Administrative Officer

JoAnn B. Seghini, Mayor

Executive Director

Kane Loader, City Manager

Director

Danny Walz

Board of Directors

Colleen Costello
Paul Glover
Robert M. Hale
Brent Moore
Wayne Sharp



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