

# **DRAFT PROJECT AREA BUDGET**

300 NORTH COMMUNITY DEVELOPMENT AREA  
(CDA)

REDEVELOPMENT AGENCY OF WEST POINT CITY,  
UTAH

**OCTOBER 2014**

PREPARED BY:  
RS CONTRACT  
MANAGEMENT

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## SECTION 1: INTRODUCTION

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The West Point City Community Development and Renewal Agency (the “Agency”), following thorough consideration of the needs and desires of West Point City (the “City”) and its residents, as well as understanding the City’s capacity for new development, has carefully crafted the Project Area Plan (the “Plan”) for the 300 North Community Development Project Area (the “Project Area”). The Plan is the end result of a comprehensive evaluation of the types of appropriate land-uses and economic development opportunities for the land encompassed by the Project Area which lies south of 300 North along 2000 West.

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. This Project Area Budget document (the “Budget”) is predicated upon certain elements, objectives and conditions outlined in the Plan and intended to be used as a financing tool to assist the Agency in meeting Plan objectives discussed herein and more specifically referenced and identified in the Plan.

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 observed at all times throughout the establishment of the Project Area.

## SECTION 2: DESCRIPTION OF COMMUNITY DEVELOPMENT PROJECT AREA

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The Project Area is entirely within the boundaries of the City. It lies just south of 300 North and west of 2000 West. The property encompasses approximately 28.52 parcel acres of land.<sup>1</sup>

The Project Area encompasses all of the parcels detailed below in Table 2.1.

Table 2.1: Property Description

Owner	Parcel ID	Acres
Millcreek Partners LLC	12-033-0054	19.09
Millcreek Partners LLC	12-033-0058	5.83
The Church of Jesus Christ of Latter Day Saints	12-033-0057 12-033-0014	3.60
<b>Total</b>		<b>28.52</b>

A map and legal description of the Project Area are attached hereto in [APPENDIX A](#).

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<sup>1</sup> This acreage will not match the acreage found in the legal description as it does not include roadways and public rights of way.

## **SECTION 3: GENERAL OVERVIEW OF PROJECT AREA BUDGET**

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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 for the 2014 tax year which is estimated to be \$21,678, as the land is currently tax exempt or classified as green belt. Using the 2014 tax rates established within the Project Area the property tax levied equate to \$315 annually. Accordingly, this amount will continue to flow thru to each taxing entity proportional to the amount of the tax rate being levied.

### **PAYMENT TRIGGER**

This Budget will have a fifteen year (15) duration from the date of the first tax increment receipt. 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, 2018.

### **PROJECTED TAX INCREMENT REVENUE – TOTAL GENERATION**

Development within the Project Area is anticipated to commence upon favorable market conditions in 2015 and included both horizontal and vertical infrastructure and development. The contemplated development will generate significant additional property taxes above what is currently generated within the Project Area.

Property Tax Increment will begin to be generated in the tax year (ending Dec 1<sup>st</sup>) 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 Area could begin as early as 2016. It is currently estimated that during the 15-year life of the Budget, property Tax Increment could be generated within the Project Area in the approximate amount of \$4.38 million or \$3.10 million in terms of net present value (NPV).<sup>2</sup> This amount is over and above the \$6,306 of base taxes that the property would generate over 15 years.

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<sup>2</sup> Net Present Value of future cash flows assumes a 4% discount rate. The same 4% discount rate is used in all remaining NPV calculations. This total is prior to accounting for the flow-through of tax increment to the respective taxing entities.

## SECTION 4: PROPERTY TAX INCREMENT

### PROPERTY TAX INCREMENT SHARED FOR BUDGET

It is anticipated that all taxing entities will contribute 50% of their respective tax increment for 15 years. Table 4.1 shows the amount of tax increment shared with the Agency assuming the participation levels discussed above.

TABLE 4.1: SOURCES OF TAX INCREMENT FUNDS

Sources of Funds (Property Tax Increment):	Percentage	Length	Total Amounts	NPV @ 4.00%
Davis County	50%	15 Years	\$ 325,699	\$ 230,868
Davis School District	50%	15 Years	1,244,772	882,340
West Point City	50%	15 Years	156,143	110,680
Weber Basin Water Conservancy District	50%	15 Years	29,993	21,260
Davis County Mosquito Abatement District	50%	15 Years	18,689	13,247
North Davis Sewer District	50%	15 Years	154,485	109,505
North Davis Fire District	50%	15 Years	207,839	147,324
Davis County Library	50%	15 Years	54,409	38,567
<b>Total Sources of Funds:</b>			<b>\$ 2,192,028</b>	<b>\$ 1,553,791</b>

### USES OF TAX INCREMENT

The majority of the tax increment collected by the Agency will be used to repay the necessary infrastructure that was needed to develop the Project Area. Approximately 5% will be used to offset the administration costs of the Agency.

TABLE 4.2: USES OF TAX INCREMENT

Uses of Funds:	
Public Infrastructure Reimbursement	\$ 2,082,427
CDA Administration @ 5%	109,601
<b>Total Uses of Funds:</b>	<b>\$ 2,192,028</b>

### PROJECTED TAX INCREMENT REMAINING WITH TAXING ENTITIES

It is anticipated that all taxing entities will receive 50% of the tax increment during the duration of the Budget and all tax increment thereafter.

TABLE 4.3: TAX INCREMENT REMAINING FOR TAXING ENTITIES

Remaining for Taxing Entities:	Total Amounts	NPV @ 4.00%
Davis County	\$ 325,699	\$ 230,868
Davis School District	1,244,772	882,340
West Point City	156,143	110,680
Weber Basin Water Conservancy District	29,993	21,260
Davis County Mosquito Abatement District	18,689	13,247
North Davis Sewer District	154,485	109,505
North Davis Fire District	207,839	147,324
Davis County Library	54,409	38,567
<b>Total Remaining for Taxing Entities:</b>	<b>\$ 2,192,028</b>	<b>\$ 1,553,791</b>

A multi-year projection of tax increment is included in [APPENDIX B](#).

## SECTION 5: COST/BENEFIT ANALYSIS

### ADDITIONAL REVENUES

#### OTHER TAX REVENUES

The development within the Project Area will also generate sales taxes and energy sales and use taxes.

Table 5.1 shows the total revenues generated by the project. This total includes the anticipated property tax increment, sales tax and energy sales and use tax.

TABLE 5.1: TOTAL REVENUES

Entity	Property Tax	Sales Tax	Franchise Taxes	Total Incremental Revenues
Davis County	651,399	1,497,589	-	\$ 2,148,988
Davis School District	2,489,543	-	-	2,489,543
West Point City	312,286	3,993,572	360,397	4,666,254
Weber Basin Water Conservancy District	59,985	-	-	59,985
Davis County Mosquito Abatement District	37,378	-	-	37,378
North Davis Sewer District	308,970	-	-	308,970
North Davis Fire District	415,677	-	-	415,677
Davis County Library	108,818	-	-	108,818
<b>Totals:</b>	<b>4,384,056</b>	<b>5,491,161</b>	<b>360,397</b>	<b>\$ 10,235,614</b>

### ADDITIONAL COSTS

The development anticipated within the Project Area will also likely result in additional general government, public works, and public safety costs. These costs, along with the estimated budget to implement the Project Area Plan are identified below.

TABLE 5.2: TOTAL EXPENDITURES

Entity	CDA Budget	General Government	Community Development	Public Safety	Total Incremental Expenditures
Davis County	325,699	-	-	-	\$ 325,699
Davis School District	1,244,772	-	-	-	1,244,772
West Point City	156,143	77,518	38,932	43,053	315,646
Weber Basin Water Conservancy District	29,993	-	-	-	29,993
Davis County Mosquito Abatement District	18,689	-	-	-	18,689
North Davis Sewer District	154,485	-	-	-	154,485
North Davis Fire District	207,839	-	-	-	207,839
Davis County Library	54,409	-	-	-	54,409
<b>Totals:</b>	<b>2,192,028</b>	<b>77,518</b>	<b>38,932</b>	<b>43,053</b>	<b>\$ 2,351,531</b>

The total net benefit to the City of implementing the project area is approximately \$4.35 million.

## APPENDIX A: MAP & LEGAL DESCRIPTION

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A part of the Northwest Quarter of Section 3 and the Northeast Quarter of Section 4, Township 4 North, Range 2 West, and a part of the Southeast Quarter of Section 33, and the Southwest Quarter of Section 34, Township 5 North, Range 2 West, Salt Lake Base and Meridian, U.S. Survey in Davis County, Utah:

Beginning at a point 1161.00 feet North 89°56'51" West along the Section Line from the Northeast Corner of said Section 4; and running thence South 0°09'35" West 33.00 feet; thence South 89°56'51" East 150.00 feet; thence South 0°09'35" West 808.05 feet; thence South 89°50'25" East 467.50 feet; thence South 0°09'35" West 460.88 feet; thence South 89°50'25" East 188.50 feet to the West Line of a non-exclusive 20.0 foot permanent easement recorded October 27, 2005 as Entry No. 2117649 in Book 3900 at Page 699 of Official Records of Davis County; thence along the boundaries of said easement the following three courses: South 0°09'35" West 1210.37 feet; South 89°53'19" East 20.00 feet; and North 0°09'35" East 1210.35 feet; thence South 89°50'25" East 390.00 feet; thence North 0°09'35" East 1336.92 feet; thence North 89°56'51" West 1216.00 feet; thence South 0°09'35" West 33.00 feet to the point of beginning.

**Contains 1,242,743 sq. ft.  
or 28.529 acres**





