

PROJECT AREA BUDGET

# FARM MEADOWS COMMUNITY REINVESTMENT AREA (CRA)

REDEVELOPMENT AGENCY OF WOODS CROSS, UTAH



JULY 2018

  
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## Section 1: Introduction

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 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 creation of the Project Area is being undertaken as a community reinvestment project pursuant to certain provisions of Chapters 1 and 5 of the Utah Community Reinvestment Agency 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

The Project Area includes all the parcels within the Farm Meadows Subdivision and a few parcels within the Berkshire West, Poulson Place, Hidden Park, and A&K Subdivisions. The property encompasses approximately 67 acres of land.

A map of the Project Area is attached hereto in **EXHIBIT A**.

## Section 3: General Overview of Project Area Budget

The purpose of the Project Area Budget is to provide the financial framework necessary to implement the Project Area Plan vision and objectives. The Project Area Plan has identified that tax increment financing is essential to meet the objectives of the CRA Project Area. 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 will be **\$23,510,520**. Using the tax rates established within the Project Area the property taxes levied equate to **\$285,042** annually. Accordingly, this amount will continue to flow through to each taxing entity proportional to the amount of their respective tax rates being levied.

### Payment Trigger

This Budget will have a fifteen-year (15) duration from the date of the first tax increment received by the Agency. 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, e.g., if requested prior to March 1, 2019, Year 1 of increment will be 2020. The Agency anticipates it will trigger the tax increment by March 1, 2019 but in no case will the Agency trigger the first tax increment collection after March 1, 2020.

### Projected Tax Increment Revenue – Total Generation

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 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 2019 or as late as 2020. It is currently estimated that during the 15-year life of the Project Area Budget, property Tax Increment could be generated within the Project Area in the approximate amount of \$1.80 million or at a net present value (NPV)<sup>1</sup> of \$1.32 million. This amount is over and above the \$4.28 million of base taxes that the property would generate over 15 years at the \$285,042 annual amount it currently generates as shown in Table 4.1 below.

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<sup>1</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

### Base Year Property Tax Revenue

The taxing entities are currently receiving - and will continue to receive - property tax revenue from the current assessed value of the property within the Project Area (“Base Taxes”). The current assessed value is estimated to be \$23,510,520. Based upon the tax rates in the area, the collective taxing entities are receiving \$285,042 in property tax annually from this Project Area. This equates to approximately \$4.28 million over the 15-year life of the Project Area.

**TABLE 4.1: TOTAL BASE YEAR TO TAXING ENTITIES (OVER 15 YEARS)**

Entity	Total	NPV at 4%
Davis County (Including Library)	\$830,156	\$615,333
Davis County School District	2,671,383	1,980,098
Woods Cross City	353,716	262,183
Weber Basin Water Conservancy District	61,362	45,483
Davis County Mosquito Abatement District	37,734	27,970
South Davis County Sewer Improvement District	93,102	69,009
South Davis Recreation District	98,392	72,930
South Davis Metro Fire Service Area	129,778	96,195
<b>Total Revenue</b>	<b>\$4,275,623</b>	<b>\$3,169,202</b>

### Property Tax Increment Shared with RDA

All taxing entities that receive property tax generated within the Project Area, as detailed above, will share at least a portion of that increment generation with the Agency. This Project Area Budget contemplates that all taxing entities will contribute 75% of their respective tax increment for 15 years. The City, County and the State will *not* contribute any portion of their incremental sales tax to implement the Project Area Plan. Table 4.2 shows the amount of Tax Increment shared with the Agency assuming the participation levels discussed above.

The Project Area is being created to assist with the remediation of residential homes that are being negatively impacted by subsidence issues. The subsidence issues have caused and are continuing to cause the effected homes to lose substantial amounts of assessed value. The primary objective of the Agency is to institute a comprehensive solution to systematically restore the habitability and value of the homes affected. The Agency will use the annual tax increment to assist a few impacted homes each year during the life of the Project Area. After the homes have been restored and the subsidence issues have been remediated, the assessed values will increase, creating tax increment to assist with the ongoing remediation.

**TABLE 4.2: SOURCES OF TAX INCREMENT FUNDS**

Entity	Percentage	Length	Total	NPV at 4%
Davis County (Including Library)	75%	15 Years	\$262,480	\$191,875
Davis School District	75%	15 Years	844,642	617,440
Woods Cross City	75%	15 Years	111,838	81,755
Weber Basin Water Conservancy District	75%	15 Years	19,402	14,183
Davis County Mosquito Abatement District	75%	15 Years	11,931	8,722
South Davis County Sewer Improvement District	75%	15 Years	29,437	21,519
South Davis Recreation District	75%	15 Years	31,110	22,741
South Davis Metro Fire Service Area	75%	15 Years	41,033	29,996
<b>Total Sources of Tax Increment Funds</b>			<b>\$1,351,873</b>	<b>\$988,230</b>

### Uses of Tax Increment

“But-for” the creation of the CRA and public participation, the costs associated with the remediation would be too high, and the homes within the Project Area would continue to deteriorate, lose additional value and eventually become inhabitable.

Tax Increment collected by the Agency will be used to remediate effected homes within the Project Area. The remaining 10%, if any, will go towards affordable housing, as outlined in the Act, if required.

**TABLE 4.3: USES OF TAX INCREMENT**

Uses	Total	NPV at 4%
Remediation Assistance	\$1,351,873	\$988,230
<b>Total Uses of Tax Increment Funds</b>	<b>\$1,351,873</b>	<b>\$988,230</b>

A multi-year projection of tax increment is including in **EXHIBIT B**.

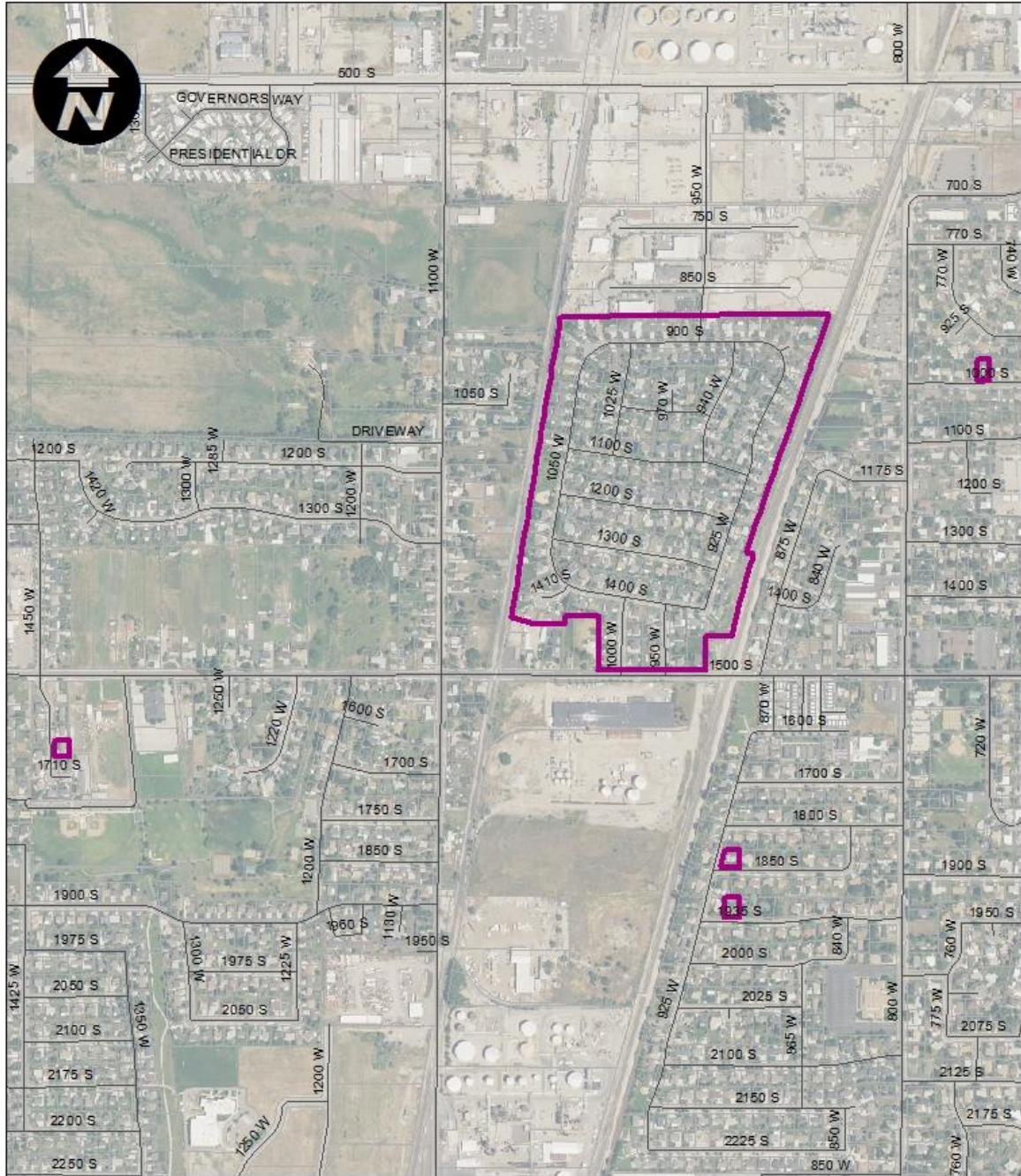
### Total Annual Property Tax Revenue for Taxing Entities at Conclusion of Project

As described above, the collective taxing entities are currently receiving approximately \$285,042 in property taxes annually from this Project Area. At the end of 15 years an additional \$128,806 in property taxes annually is anticipated, totaling approximately \$413,848 in property taxes annually for the area. “But for” the assistance provided by the Agency through tax increment revenues, this 45% increase in property taxes generated for the taxing entities would not be possible.

**TABLE 4.4: TOTAL BASE YEAR AND END OF PROJECT LIFE ANNUAL PROPERTY TAXES**

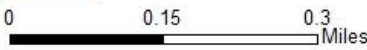
Entity	Annual Base Year Property Taxes	Annual Property Tax Increment at Conclusion of Project	Total Annual Property Taxes
Davis County (Including Library)	\$55,344	\$25,009	\$80,353
Davis School District	178,092	80,477	258,569
Woods Cross City	23,581	10,656	34,237
Weber Basin Water Conservancy District	4,091	1,849	5,939
Davis County Mosquito Abatement District	2,516	1,137	3,652
South Davis County Sewer Improvement District	6,207	2,805	9,012
South Davis Recreation District	6,559	2,964	6,524
South Davis Metro Fire Service Area	8,652	3,910	12,562
<b>Total Revenue</b>	<b>\$285,042</b>	<b>\$128,806</b>	<b>\$413,848</b>

# Exhibit A: Project Area Map



## WOODS CROSS FARM MEADOWS SURVEY AREA

Farm Meadows CRA Survey Area



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ROBERTSON & BURNINGHAM, INC.



## Exhibit B: Multi-Year Budget



REDEVELOPMENT AGENCY OF WOODS CROSS

Farm Meadows CRA

Multi-Year Budget

ASSUMPTIONS:	
Discount Rate	4.0%
Inflation Rate	0.0%

INCREMENTAL TAX ANALYSIS:	Payment Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	TOTALS	NPV	
	Tax Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037		
Cumulative Taxable Value	Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 15	TOTALS	NPV	
Housing Refurbishment		-	\$322,467	\$644,933	\$967,400	\$1,289,866	\$1,612,333	\$1,934,799	\$2,257,266	\$2,579,733	\$2,787,213	\$2,787,213	\$2,787,213	\$2,787,213	\$2,787,213	\$2,787,213	\$2,787,213			
Value of Current Property		\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360	\$31,347,360			
Total Assessed Value		\$31,347,360	\$31,669,827	\$31,992,293	\$32,314,760	\$32,637,226	\$32,959,693	\$33,282,159	\$33,604,626	\$33,927,093	\$34,134,573	\$34,134,573	\$34,134,573	\$34,134,573	\$34,134,573	\$34,134,573	\$34,134,573			
Less Base Year Value (2017)		(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)	(23,510,520)			
<b>TOTAL INCREMENTAL VALUE:</b>		\$7,836,840	\$8,159,307	\$8,481,773	\$8,804,240	\$9,126,706	\$9,449,173	\$9,771,639	\$10,094,106	\$10,416,573	\$10,624,053	\$10,624,053	\$10,624,053	\$10,624,053	\$10,624,053	\$10,624,053	\$10,624,053			
<b>TAX RATE &amp; INCREMENT ANALYSIS:</b>	<b>2017 RATES</b>																			
Davis County	0.001993	15,619	16,261	16,904	17,547	18,190	18,832	19,475	20,118	20,760	21,174	21,174	21,174	21,174	21,174	21,174	21,174	296,303	216,600	
Davis County School District	0.007575	59,364	61,807	64,249	66,692	69,135	71,577	74,020	76,463	78,906	80,477	80,477	80,477	80,477	80,477	80,477	80,477	1,126,190	823,253	
Woods Cross City	0.001003	7,860	8,184	8,507	8,831	9,154	9,478	9,801	10,124	10,448	10,656	10,656	10,656	10,656	10,656	10,656	10,656	149,118	109,006	
Weber Basin Water Conservancy District	0.000174	1,364	1,420	1,476	1,532	1,588	1,644	1,700	1,756	1,812	1,849	1,849	1,849	1,849	1,849	1,849	1,849	25,869	18,910	
Davis County Mosquito Abatement District	0.000107	839	873	908	942	977	1,011	1,046	1,080	1,115	1,137	1,137	1,137	1,137	1,137	1,137	1,137	15,908	11,629	
South Davis County Sewer Improvement District	0.000264	2,069	2,154	2,239	2,324	2,409	2,495	2,580	2,665	2,750	2,805	2,805	2,805	2,805	2,805	2,805	2,805	39,249	28,692	
South Davis Recreation District	0.000279	2,186	2,276	2,366	2,456	2,546	2,636	2,726	2,816	2,906	2,964	2,964	2,964	2,964	2,964	2,964	2,964	41,479	30,322	
South Davis Metro Fire Service Area	0.000368	2,884	3,003	3,121	3,240	3,359	3,477	3,596	3,715	3,833	3,910	3,910	3,910	3,910	3,910	3,910	3,910	54,711	39,994	
Davis County Library	0.000361	2,829	2,946	3,062	3,178	3,295	3,411	3,528	3,644	3,760	3,835	3,835	3,835	3,835	3,835	3,835	3,835	53,671	39,234	
Totals:	0.012124	95,014	98,923	102,833	106,743	110,652	114,562	118,471	122,381	126,291	128,806	128,806	128,806	128,806	128,806	128,806	128,806	1,802,498	1,317,640	
<b>TOTAL INCREMENTAL REVENUE IN PROJECT AREA:</b>		\$95,014	\$98,923	\$102,833	\$106,743	\$110,652	\$114,562	\$118,471	\$122,381	\$126,291	\$128,806	\$128,806	\$128,806	\$128,806	\$128,806	\$128,806	\$128,806	\$1,802,498	\$1,317,640	

PROJECT AREA BUDGET	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	TOTALS	NPV	
Sources of Funds:	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037		
<u>Property Tax Participation Rate for Budget</u>																			
Davis County	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Davis County School District	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Woods Cross City	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Weber Basin Water Conservancy District	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Davis County Mosquito Abatement District	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
South Davis County Sewer Improvement District	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
South Davis Recreation District	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
South Davis Metro Fire Service Area	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
Davis County Library	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		
<u>Property Tax Increment for Budget</u>																			
Davis County	\$11,714	\$12,196	\$12,678	\$13,160	\$13,642	\$14,124	\$14,606	\$15,088	\$15,570	\$15,880	\$15,880	\$15,880	\$15,880	\$15,880	\$15,880	\$15,880	\$15,880	\$222,227	\$162,450
Davis County School District	\$44,523	\$46,355	\$48,187	\$50,019	\$51,851	\$53,683	\$55,515	\$57,347	\$59,179	\$60,358	\$60,358	\$60,358	\$60,358	\$60,358	\$60,358	\$60,358	\$60,358	\$844,642	\$617,440
Woods Cross City	\$5,895	\$6,138	\$6,380	\$6,623	\$6,866	\$7,108	\$7,351	\$7,593	\$7,836	\$7,992	\$7,992	\$7,992	\$7,992	\$7,992	\$7,992	\$7,992	\$7,992	\$111,838	\$81,755
Weber Basin Water Conservancy District	\$1,023	\$1,065	\$1,107	\$1,149	\$1,191	\$1,233	\$1,275	\$1,317	\$1,359	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$1,386	\$19,402	\$14,183
Davis County Mosquito Abatement District	\$629	\$655	\$681	\$707	\$732	\$758	\$784	\$810	\$836	\$853	\$853	\$853	\$853	\$853	\$853	\$853	\$853	\$11,931	\$8,722
South Davis County Sewer Improvement District	\$1,552	\$1,616	\$1,679	\$1,743	\$1,807	\$1,871	\$1,935	\$1,999	\$2,062	\$2,104	\$2,104	\$2,104	\$2,104	\$2,104	\$2,104	\$2,104	\$2,104	\$29,437	\$21,519
South Davis Recreation District	\$1,640	\$1,707	\$1,775	\$1,842	\$1,910	\$1,977	\$2,045	\$2,112	\$2,180	\$2,223	\$2,223	\$2,223	\$2,223	\$2,223	\$2,223	\$2,223	\$2,223	\$31,110	\$22,741
South Davis Metro Fire Service Area	\$2,163	\$2,252	\$2,341	\$2,430	\$2,519	\$2,608	\$2,697	\$2,786	\$2,875	\$2,932	\$2,932	\$2,932	\$2,932	\$2,932	\$2,932	\$2,932	\$2,932	\$41,033	\$29,996
Davis County Library	\$2,122	\$2,209	\$2,296	\$2,384	\$2,471	\$2,558	\$2,646	\$2,733	\$2,820	\$2,876	\$2,876	\$2,876	\$2,876	\$2,876	\$2,876	\$2,876	\$2,876	\$40,253	\$29,425
<b>Total Property Tax Increment for Budget:</b>	\$63,784	\$74,193	\$77,125	\$80,057	\$82,989	\$85,921	\$88,854	\$91,786	\$94,718	\$96,605	\$96,605	\$96,605	\$96,605	\$96,605	\$96,605	\$96,605	\$96,605	\$1,351,873	\$988,230
<u>Uses of Tax Increment Funds:</u>																			
Remediation Assistance	100.0%	-	\$74,193	\$77,125	\$80,057	\$82,989	\$85,921	\$88,854	\$91,786	\$94,718	\$96,605	\$96,605	\$96,605	\$96,605	\$96,605	\$96,605	\$96,605	\$1,351,873	\$988,230
Total Uses		-	\$74,193	\$77,125	\$80,057	\$82,989	\$85,921	\$88,854	\$91,786	\$94,718	\$96,605	\$96,605	\$96,605	\$96,605	\$96,605	\$96,605	\$96,605	\$1,351,873	\$988,230

REMAINING TAX REVENUES FOR TAXING ENTITIES	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	TOTALS	NPV
Davis County	\$3,905	\$4,065	\$4,226	\$4,387	\$4,547	\$4,708	\$4,869	\$5,029	\$5,190	\$5,293	\$5,293	\$5,293	\$5,293	\$5,293	\$5,293	\$5,293	\$74,076	\$54,150
Davis County School District	\$14,841	\$15,452	\$16,062	\$16,673	\$17,284	\$17,894	\$18,505	\$19,116	\$19,726	\$20,119	\$20,119	\$20,119	\$20,119	\$20,119	\$20,119	\$20,119	\$281,547	\$205,813
Woods Cross City	\$1,965	\$2,046	\$2,127	\$2,208	\$2,289	\$2,369	\$2,450	\$2,531	\$2,612	\$2,664	\$2,664	\$2,664	\$2,664	\$2,664	\$2,664	\$2,664	\$37,279	\$27,252
Weber Basin Water Conservancy District	\$341	\$355	\$369	\$383	\$397	\$411	\$425	\$439	\$453	\$462	\$462	\$462	\$462	\$462	\$462	\$462	\$6,467	\$4,728
Davis County Mosquito Abatement District	\$210	\$218	\$227	\$236	\$244	\$253	\$261	\$270	\$279	\$284	\$284	\$284	\$284	\$284	\$284	\$284	\$3,977	\$2,907
South Davis County Sewer Improvement District	\$517	\$539	\$560	\$581	\$602	\$624	\$645	\$666	\$687	\$701	\$701	\$701	\$701	\$701	\$701	\$701	\$9,812	\$7,173
South Davis Recreation District	\$547	\$569	\$592	\$614	\$637	\$659	\$682	\$704	\$727	\$741	\$741	\$741	\$741	\$741	\$741	\$741	\$10,370	\$7,580
South Davis Metro Fire Service Area	\$721	\$751	\$780	\$810	\$840	\$869	\$899	\$929	\$958	\$977	\$977	\$977	\$977	\$977	\$977	\$977	\$13,678	\$9,999
Davis County Library	\$707	\$736	\$765	\$795	\$824	\$853	\$882	\$911	\$940	\$959	\$959	\$959	\$959	\$959	\$959	\$959	\$13,418	\$9,808
<b>Total</b>	\$21,261	\$24,731	\$25,708	\$26,686	\$27,663	\$28,640	\$29,618	\$30,595	\$31,573	\$32,202	\$32,202	\$32,202	\$32,202	\$32,202	\$32,202	\$32,202	\$450,624	\$329,410